MART® 84

November 1984

Business Ideas Today's Retailer Needs to Know

A Gordon Publication

Home Computing Retailer
New Hardware/Software Trends Are Emerging

RETAILING 84

- The Nation's Leading Electronics & Appliance Retailers
- Consumer Advertising Review

APPLIANCES 84

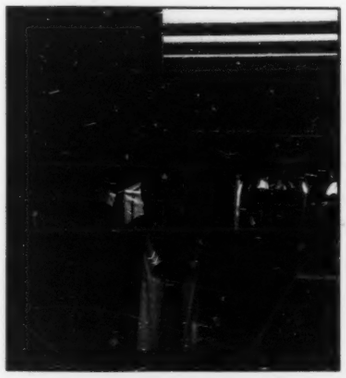
- '84 Sales Strong for Room Air Conditioners
- The Floor-care Market: Hand-held Vacs Proliferate

ELECTRONICS 84

- Market Analysis: Telephones & Accessories

The Top 15 Retailers

Spotlight:
The Federated Group's Kirk Keys



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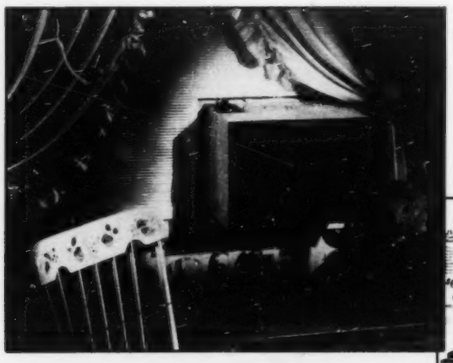

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The nation's leading retailers of home electronics and major appliances

Implementing a wide range of retailing, marketing and merchandising strategies, the nation's leading retailers of home electronics and major appliances appear to have struck a responsive chord with the consumer in this year of revitalized consumer spending.

A number of the larger nationwide chains have begun catering to a better informed, more quality conscious, well-heeled consumer with less and less time to spend shopping in retail stores. While regional and smaller retail operations, especially privately owned family businesses and closely held corporations, are not quite as comprehensive and well articulated in their strategies on the whole, the leading smaller chains are also responding in their own ways to the quickening pulse of the market.

Following is a look at the nation's 15 leading retailers of home electronics and major appliances. They were selected by MART's editors based not only on their sales volumes but also on merchandising creativity and impact on their local market areas. (See accompanying box.)

Sears, Roebuck & Co.

As the world's largest retailer, Sears, Roebuck and Company's Merchandise Group posted impressive gains this year, including an exciting second quarter during which net income jumped 42%. The hoopla was attributed to Sears' Store of the Future program, a company-proclaimed "new era of merchandising excellence" initiated last year at its new King of Prussia, PA store. Currently earmarked for the program is $1.7 billion in capital expenditures for construction of 62 new stores and remodeling of more than 600 existing stores.

Last year, seven new stores were built and five were remodeled. By year's end, the retailing giant planned to open 14 stores and remodel 85.

The Store of the Future, the company said, "assumes that the buyer's influence is now more consistently focused and effective than ever before." The concept is a "totally customer-oriented approach to merchandising" using high impact graphics and logical product groupings to characterize the new look.

Sales of home electronics in the new configuration have been "very good," according to a Sears spokesperson. A "wall of eyes" presents a logical feature benefit lineup of portable TV sets from opening price points to top-of-the-line.

"We feel it's important to keep pace with industry innovation and to maintain a competitive posture in pricing," the company source said. "Because electronics merchandise changes so rapidly, it's important to be in the forefront of the evolutionary process."

Improved customer service also was planned at Sears this year. A faster price look-up system was to be installed at 704 stores by year's end. Along with the redesign of central aisle cashier locations, express package pick up at dock areas and mechanized credit approval, the improvements were directed at cutting the average customer transaction time from three minutes to 90 seconds.

Sears was founded in 1893 as a mail order watch company. It eventually developed its famous, voluminous catalog to sell a comprehensive line of hard and soft consumer goods primarily to rural America. The company did not enter the retail business until 1924, when the automobile and the growth of the cities convinced company officials to diversify their means of doing business. In 1983, domestic retail sales were just over 72% of total domestic net sales.

William I. Bass, formerly senior executive vice president responsible for all store operations since 1982 and a 34-year Sears veteran, was elected in August to replace Edward A. Brennan as chairman and CEO of Sears Merchandise Group. Brennan, who headed the group since 1981, was elected president of the parent corporation.

K mart

The nation's second largest retail chain, K mart, also has developed plans to undergo strategic changes on a mammoth scale. It is spending $430 million in capital funds in 1984, a budget which includes funds to open 14 new stores and remodel 900 existing ones.

K mart's Home Electronics Center was one of several departments slated to become "stores-within-a-store." Early in the year, over 800 were reported already in operation with 650 more scheduled for remodeling. The departments were set to be carpeted, and merchandise fixtures were to be upgraded, all to support a storewide move to upgrade merchandise in a shift to national brands and better quality private label goods. It appeared the company largely had abandoned its prior exclusive commitment to being a major discounter of low-ticket, low-margin items, although price was still a major concern, according to industry observers.

By upscaling its product lines, store atmosphere and advertising, K mart reportedly hopes to attract more affluent shoppers and to sell more higher-priced items to its long-standing middle-class, blue-collar clientele.

With an 18% increase in this year's advertising budget, K mart reportedly spent $20 million on television in connection with the Summer Olympics. The broadcast campaign saw a strategic shift from a product focus to an institutional theme.

In the print arena, the chain reportedly switched from touting loss leaders to more higher-priced items.

"We're way ahead on innovative projects and techniques," said Bernard Fauber, chairman. "We're investing a lot in new merchandising that will pay off handsomely in the long run."

Circuit City Stores

Circuit City Stores, Inc., the former Wards Co. renamed last June to identify with its principal business, is the nation's largest consumer electronics specialty retailer. With 15 new units added in 1984 for a total of 98 stores, the company expects to achieve sales of $500 million in fiscal 1985.

About 65% of the 35-year-old firm's business was from 38 Circuit City stores and 15 Circuit City Superstores, which are larger outlets offering a wider selection of products, including major appliances. The company planned this year to add more Superstores in Nashville, Knoxville, Charleston, SC, Louisville, Charlotte and Hampton, VA. In most cases they would replace smaller existing Circuit City stores. The stores are located primarily in the Southeast and the Washington, DC area.

The firm, whose shares were listed on the New York Stock Exchange Jun. 21, acquired 11 Lafayette stores in the metro New York area in a

[Continued on page 12]

15 Top U.S. Electronics/Appliance Retailers

These stores were selected by MART's editorial staff not only for their high sales volumes in consumer electronics and major appliances but also for their merchandising creativity and impact on their local market areas.

Rank	Company	1983 Total Sales Volume (millions)	Number of Stores as of Dec. 1984	President
1	Sears, Roebuck & Co. Sears Mdse. Group Chicago, IL	$25,089	805	William I. Bass
2	K mart Corp. Troy, MI	$16,596	2,225	Samuel G. Leftwich
3	Circuit City Stores, Inc. Richmond, VA	$246	113	Alan L. Wurtzel
4	Montgomery Ward & Co. Chicago, IL (subsidiary of Mobil Oil Corp.)	$6,300	367	Stephen L. Pistner
5	Highland Appliance Co. Taylor, MI	$260	32	David Mondry
6	Silo Philadelphia, PA (subsidiary of Cyclops Corp.)	$250	116	Barry H. Feinberg
7	Wal-Mart Stores, Inc. Bentonville, AR	$4,670	742	David D. Glass
8	R.H. Macy & Co. New York, NY	$3,489	96	Mark S. Handler
9	American of Madison Madison, WI	$115	4	George Rule
10	Lechmere, Inc. Woburn, MA (subsidiary of Dayton Hudson Corp.)	$227	8	C. George Scala
11	Newmark & Lewis Hicksville, NY	$85	26	Richard Lewis
12	Caldor, Inc. Norwalk, CT (div. of Associated Dry Goods Corp.)	$1,100	103	David P. Williams III
13	Trader Horn Hasbrouck Heights, NJ	$90	12	Edward Navien
14	Fretters Livonia, MI	$61	25	Oliver Fretter
15	Gemco Buena Park, CA	$85 (est)	53	Larry Del Santo

The nation's leading retailers of

[Continued from page 9]
merger with the now defunct Lafayette Radio Electronics Corp. in 1981. Plans call for expansion of the division to 20 stores.

The company also operates 39 licensed departments in Zodys stores in California and Nevada, and two Zodys outlets in Los Angeles. These operations accounted for about 25% of sales last year. Video and TV accounted for nearly half of last year's sales. Major appliances accounted for some 15%.

The company, which began in Richmond in 1949 selling TV sets by offering free home demonstrations, announced plans to establish a major operational and distribution center in Atlanta in preparation for its expansion as a "major presence" in Alabama, Mississippi and Louisiana. According to its annual report, the company also plans to enter markets in North and Central Florida from Sarasota to Jacksonville.

"As it expands, the company is able to enter a market with a preeminent store presence — based on Superstores of up to 40,000 sq. ft., appropriate numbers of the smaller Circuit City stores or a combination of both," the report said. "It also is able to invest in print and broadcast advertising programs of a quality and intensity that are typically unique in the marketplace. This dominant positioning in facilities and promotion, combined with superior pricing and customer services permits (the firm's) operations to capture their targeted, dominant market share in a fragmented marketplace in very little time."

The company defines dominance in two ways. First, it seeks to have a share of business 50% larger than the nearest competitor. Secondly, it aims at achieving "the highest consumer awareness by far" among competitors in its markets.

Montgomery Ward & Co.

In just over three years, President Stephen L. Pistner (pronounced PIES-ner) has turned around Montgomery Ward & Co., the nation's sixth largest retailer. It had been so mired in red ink that parent Mobil Oil Corp., which acquired the 112-year-old business in 1974, was believed to be looking for a buyer. Now there are no plans to sell, a Mobil spokesperson was quoted in recent months.

After three successive years of losses, Montgomery Ward earned $40 million after taxes on sales of $6.1 billion in 1983, a performance that is expected to be "clearly stronger" this year, according to management.

The company president has implemented changes on many fronts. For one, Pistner has curtailed sales of private-label appliances in order to sell more brand name goods.

"The day of Montgomery Ward's taking what's available is over," Pistner told a St. Paul, MN newspaper reporter earlier this year. "Every item that's private label, every item that's available here, has to be something our own people want, or we're not going to accept it."

The company's "Chamber of Horrors," a display at corporate headquarters in Chicago designed to dramatize to buyers the need for quality products, was closed in recent months, apparently after buyers got the message. An outside market research firm now conducts consumer surveys to see what brands and styles customers want.

There also is a program to expand inventory and space for appliances and electronics, among other lines, with the intent to boost sales of the designated products and then to open specialty stores to carry those goods, according to a *New York Times* article last July. "The result," Pistner told an interviewer for the *Times*, "should give us specialty businesses as good as the best appropriate specialty stores."

The former president of Dayton Hudson Corp., Target Stores and Team Electronics, Pistner has closed more than 50 Montgomery Ward locations, opening others to give the mammoth retailer 20 fewer stores than it had in 1980. Staff has been cut by 23,000 people to 74,000. And to cut costs even further, the president has centralized all merchandising, buying and advertising at headquarters, giving Montgomery Ward greater clout in wholesale and media purchasing.

What merchandising technique works best for Montgomery Ward's appliance and electronics lines? A company spokesperson said there is no single factor that can be cited.

"We believe that an informed sales staff available to help the customer make the right selection from a wide assortment of merchandise is certainly a key element. So is a good back up service organization and credit availability. So is an attractive and comfortable shopping environment," the company official told MART.

"Of vital importance is listening to the consumer and offering good products at prices that represent a real value," he said.

Highland Appliance Co.

Founded by Harry Mondry in 1933 in Highland Park, MI, the primary income source at Highland Appliance Co. Inc. was from servicing washers and vacuum cleaners. In 1951, Mondry's sons, David and Eugene, came to the helm, and a second store was opened.

This year, the family-owned business is expected to see sales of $360 million and $500 million in 1985 with the firm's entry into Chicago and Houston, according to Eugene Mondry.

Silo

Philadelphia-based Silo, a division of steel producer Cyclops Corp., sells coast-to-coast through a chain of retail appliance, TV and audio stores under the names Silo, Downing's and Appliance TV City. Some 36 new stores were planned to open by year's end. The company expected a 38% increase in sales this year, with about 63% of total sales in consumer electronics and 37% in major appliances.

Growth has stemmed from the firm's basic philosophy of displaying the largest selection of brand name TV sets, major appliances and audio equipment at the lowest possible prices.

"Price and selection put us head and shoulders above the rest of the market," according to Michael O'Hara, vice president of marketing and sales promotion. For example, O'Hara pointed out that customers are impressed with being able to see a showroom with more than 190 TV sets tuned to the same channel.

Founded in 1946 by Sidney A. Cooper, Silo began opening multiple discount stores in 1954. By 1962 five stores were in operation, and the company went public. Denver-based Downing's was acquired in 1970. Phoenix-based Appliance TV City was purchased in 1971. Silo itself was acquired by Cyclops in 1980.

Wal-Mart Stores

Industry observers speculate that fast-growing Wal-Mart Stores Inc. may well surpass K mart to become the nation's second largest retailer if the Bentonville, AR firm's expansion continues at its current pace, although that rate was slowed temporarily for a period earlier this year. An estimated 110 new stores were to open in 1984, and 91 stores were opened in 1983. At latest count in early October, there were 705 stores in operation in 20 states, mainly in small communities in the South and the Midwest.

Most stores offer hardgoods, softgoods and a variety of other merchandise, including electronics and small appliances. Last year, Wal-Mart opened its first Sam's Wholesale Clubs, warehouse operations in metropolitan markets targeting the

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Directory of Certified Room Air Conditioners lists BTU/hr capacity, amperage and energy efficiency ratings for 22 brands, over 900 models.

Directory of Certified Refrigerators and Freezers lists cubic-foot volume, square feet of shelf area, door style, defrost system and annual operating cost for 56 brands, over 1200 models.

Directory of Certified Humidifiers lists water output capacity in gallons per 24 hours for 7 brands, 58 certified models.

Directory of Certified Dehumidifiers lists water removal capacity in pints per 24 hours for 18 brands, 100 models.

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Circle No. 108

home electronics and major appliances

small business wholesale customer. The club sells "virtually every conceivable merchandise category," including major appliances, to club members. Three clubs were opened last year, and six more were to be opened in 1984.

Founder Sam M. Walton, a near legend in the story of discount mass merchandising, heads the huge organization with a remarkably personal touch. The one-time management trainee with J.C. Penney in Des Moines is known to go into a store and use the PA system to thank his customers for shopping at Wal-Mart. He's also known to jump up on a table and lead the store's staff in a Wal-Mart cheer.

At the same time, the former variety store entrepreneur keeps a tight rein on operations and expenses. The company spends 2% of sales on general administration. Instead of using jobbers and contract distributors like most discounters, Wal-Mart orders directly from suppliers and uses its own warehouses and delivery trucks.

Wal-Mart ended 1983 with a superb profit ratio, earning 50% as much profit as K mart on just 25% of its competitor's volume. The savings are passed along to the consumer, as a sign on the front of every store proclaims, "We Sell for Less."

Wal-Mart has received accolades from the media and the financial community for its business acumen. *Forbes* magazine recognized it for five of the past seven years as number one in the discount division of general retailers for sales growth, return on equity, return on capital and earnings per share.

The First Boston Corp. cited the firm last March for a wide range of factors, including superior execution, commitment to its 80,000 "associates," some 40% of whom are shareholders, and organization development, which is distinguished by the fact that unlike most other retail chains, Wal-Mart does not have merchandisers in the field.

Store renovation, innovative product categories and effective advertising were also mentioned by First Boston. This year, 38 stores were earmarked for facelifts, 14 were to be remodeled, and 29 were to be relocated or expanded.

"Two of the biggest disappointments in 1983 were two of the hottest growth items — home computers and telephones," said First Boston. Problems with the computers were tied to supply and consumer confusion on price. Telephone sales showed early promise but fell below expectations later on.

"Wal-Mart was smart enough to adjust to both situations without hardship. Computers were only in 205 stores and with price protection, while telephone orders were cancelled in time," the report said.

R.H. Macy & Co.

R.H. Macy & Co., Inc., operates one of the nation's largest retail department store businesses, selling principally in the medium-to-higher-price lines. The flagship store on New York's Herald Square is the world's largest department store.

Through its five regional store groups — Macy's New York, Bamberger's, Macy's California, Davison's and Macy's Midwest — the corporation will operate 96 stores in 14 states by year's end, including two new stores in Houston and one in Miami. Some 32% of total sales was reported last year in furniture, home furnishings, housewares and electronics.

Founded in 1858 by Quaker Rowland H. Macy, a veteran of four "rousingly unsuccessful" prior retail ventures, the business began in a humble New York dry goods store. The firm L. Straus and Sons was leased rights to the store's china, silver and glasswares business in 1874. Brothers Isidor and Nathan Straus, who eventually acquired the entire business, guided the move to Herald Square. It was their successors who helped engineer the store's expansion into new markets.

American of Madison, Inc.

Whoever heard of getting a free Sanyo VCR with the purchase of a $388 color TV or a similarly priced refrigerator? Nearly 10,000 customers of American of Madison, Inc. took advantage of that offer last summer.

And where else can a customer get a free Cabbage Patch Kid with the purchase of any one of four Sharp microwave ovens, priced from $199 to $399? American and Sharp agreed to buy the scarce dolls at a premium over retail in order to move ovens during a 10-day sale in September.

The Wisconsin-based chain typically develops attention-grabbing promotional giveaways generously supported by TV, radio and newspaper advertising to make it one of the Midwest's leading appliance and electronics dealers with an anticipated annual sales volume of $150 million for the current fiscal year. When American opened its fourth store, it did $2.9 million in business in the first four days.

Credit for the promotional and media pizzazz is given to owner Len Mattioli, whose personal style has earned him the accolade "Crazy TV Lenny," as he is known to residents of the markets served by stores in Madison, Appleton and Pewaukee, WI and in Marquette, MI. In the 14 years since Mattioli acquired what was a financially ailing TV dealership run by his late brother, gross sales have increased more than 1,200-fold. Some 55% of the business is consumer electronics, and 15% is in white goods, Mattioli said.

Mattioli told MART that the success of American is due in part to its advertising program which "hits the pulse" of the consumer by touting hot items offered as premiums and a quality product at an attractive price.

Lechmere, Inc.

Citing some $140 million in sales of consumer electronics and major appliances out of total sales of $227 million in 1983, Lechmere, Inc., a highly visible specialty retailer owned by Dayton Hudson Corp., is a leading retailer in New England.

Like its parent corporation, Lechmere makes visible commitments to the communities in which it does business. When the firm opened its seventh store this fall in Woburn, MA, it gave $25,000 for restoration of the town's library. Most of the company's operations are located in the Bay State, where another new store was opened last month.

The firm specializes in four lines — consumer electronics, major appliances, housewares and hardware and recreational and leisure-time equipment. Lechmere sells the better/best brands available, no private labels and no off brands, according to Lou Bernucca, vice president and general manager.

The stores are frequently the first in their market to offer new and innovative products. Lechmere made headlines last year, for example, when it was the first in the Boston area to offer National Robotics Systems' RB5X, billed as "the first robot designed for personal use."

In line with the nationwide trend to reposition this year for a more affluent, discriminating consumer, three of Lechmere's six stores were remodeled in 1983 with the rest scheduled for remodeling by the end of this year. Also in keeping with industry trends to expedite customer transactions, the firm recently installed a computerized purchasing system.

An almost weekly schedule of newspaper circulars reinforced Lechmere's high visibility in 1984. The print advertising is deemed very effective, according to Bernucca, because the ads are very concise, easy to read and very clear, making it easy for the customer to make his or her buying decision.

The company grew from a family-owned harness shop opened in 1911 on Lechmere Square in Cambridge. Up until the '40s, most of the business was in automobile tires and accessories, which supplanted harnesses in the early '20s. Electronics and major appliances were added, and the firm was acquired by Dayton Hudson in 1969.

Newmark & Lewis

Newmark & Lewis, a family-owned company started in a single store in Hempstead, NY by President Richard Lewis' father and uncle, planned to have 25 stores by year's end. Consumer electronics was about 62% of a 1983 sales volume of between $85 and $88 million, according to Lewis. Major appliances comprised about 38%, he said.

When Lewis teamed up with partner Warren Hyman in 1949, he said they borrowed money to start the company in Manhasset. Once the loan was repaid, the two bought the original store in Hempstead and promptly closed it. Shortly thereafter, Newmark & Lewis acquired the 4-store Westminster chain, a historic milestone for the fledgling business, Lewis said.

Caldor, Inc.

Caldor, Inc., which was acquired by Associated Dry Goods Corp. in May 1981, posted two significant achievements in recent months. The 103-store chain surpassed the $1 billion threshold in annual sales in 1983 and saw the retirement of founder and chairman Carl Bennett. It was Bennett who, together with his wife Dorothy, opened the company's first store of 1,500 square feet in a walk-up loft in Port Chester, NY with an $8,000 investment in 1951. They named the store with letters from their first names, combining Cal and Dor.

Caldor now has stores in seven states with more than nine million square feet of retail space. Most are located in Connecticut, New York and Massachusetts; just over 20 are located in New Jersey, the Baltimore, MD area, where two new stores were scheduled to open before the year's end, Rhode Island and New Hampshire.

The upscale discount department stores gained initial success in hard goods which met the needs of new families moving to the suburbs of the Northeast, according to the parent company. Caldor gained a reputation for the right prices in appliances, housewares, hardware, toys, sporting goods, giftware, auto accessories and health-and-beauty aids, said ADG. The chain added soft goods in the mid-1960s.

Caldor's success is attributed to seven fundamental business policies:

- Provide clean, neat and bright stores every day.
- Carry only branded and first quality merchandise. No irregulars or closeouts ever.
- Be a place to shop for basics by always having them in stock.
- Be very competitive in price.
- Have strong promotional advertising.
- Educate employees intensively about the products they sell.
- Build customer confidence through service and the message that no sale is final.□

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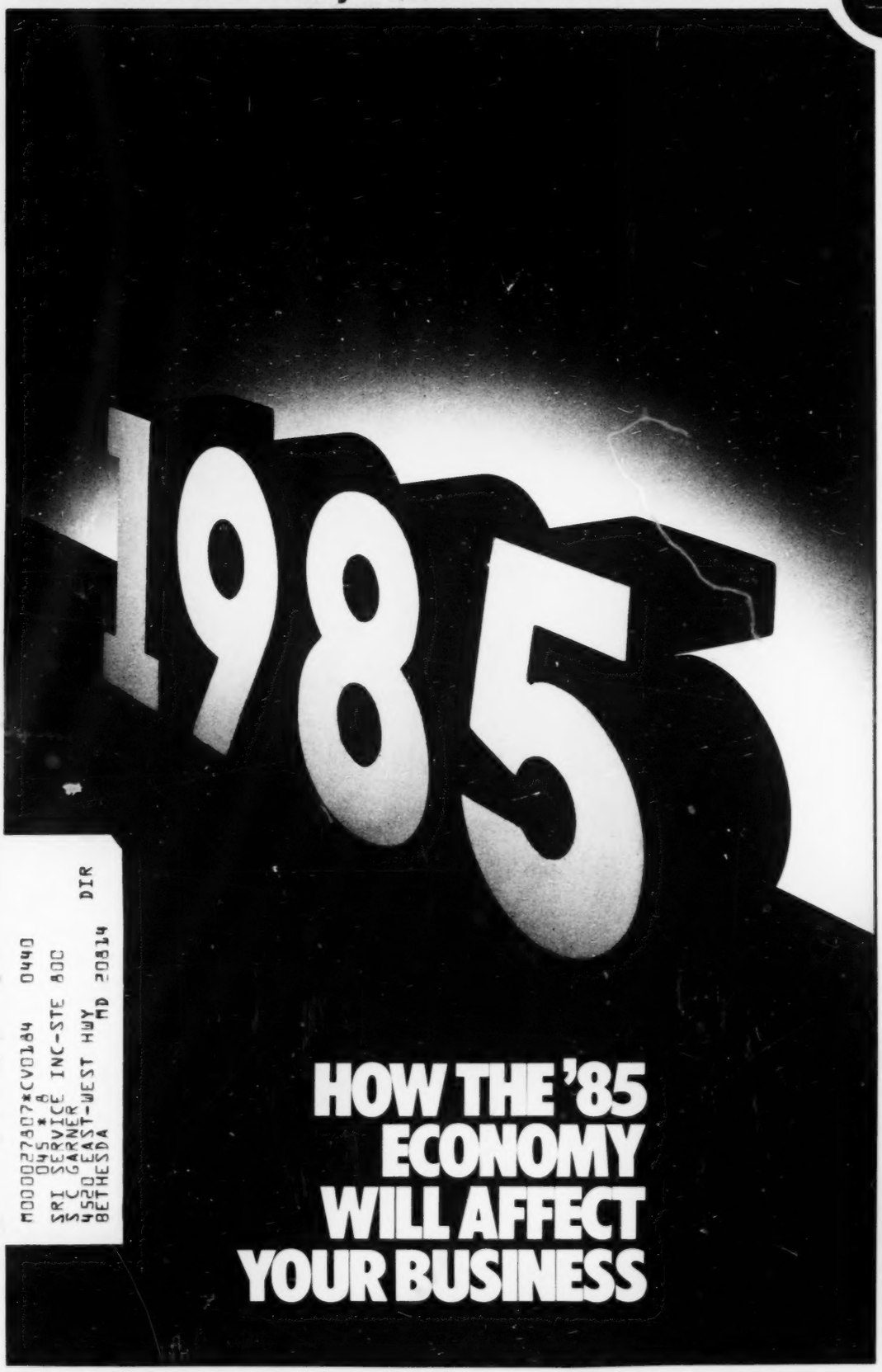

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The '85 economy: What can retailers expect?

The outlook for retailing is healthy but slower than '84, according to experts

As the excitement of last month's presidential election ebbed, economists and retailers turned their attention from politics to getting down to business in what by most predictions will be a new year of generally healthy but slower growth for U.S. retailers.

Members of the National Association of Business Economists meeting in Atlanta in late September concluded there will be a slower growth rate next year, a 3.6-percent rise in the nation's total output after inflation, considerably lower than this year's estimated 6.9-percent rate.

James Newton, chief economist for Management Horizons, Inc., a marketing and management consulting firm specializing in retailing which produces the nationally known *Retail Intelligence System* quarterly *Outlook* report, pegged the slowdown from 7-percent growth in real terms this year to about 3.5-percent growth in 1985.

"For retailers," Newton told MART, "the slowdown will be even a bit more severe than that, coming down from about 7.5-percent in 1984 to right about three percent for '85."

Newton said the biggest slowdown will be in durable goods stores, which have been experiencing a growth rate of "well over 10 percent" for the past 18 months or more.

"That is going to come down very, very considerably during 1985," he said. "Specifically, for household appliance, radio and TV stores, we think that 1984 will probably see growth after adjusting for inflation of about 11 percent compared with the year 1983. During 1985, that's going to drop off to a little less than four percent."

Still, Newton maintained the forecast rate is a healthy one. "A couple of years ago, if you told somebody that they were going to grow by four percent after adjusting for inflation, they would have been ecstatic," he said. "You tell them that now, after what they've been experiencing for the last couple of years, and they're going to think you're a horrible pessimist."

The economy will avoid serious inflation and will remain recession-free throughout the year, according to The Conference Board's latest survey of leading financial executives of major non-financial corporations. Panelists anticipate the rate of inflation to rise moderately to 4.8 percent in 1985.

"If panelists are correct, the U.S. economy will achieve a soft landing with only a moderate rise in inflation — a goal that has eluded the U.S since the early 1960s," said Conference Board senior economist Vincent G. Massaro.

Business spending for capital goods, particularly for automation and electronic equipment, promises to continue its lead over consumer spending for automobiles, houses and other durable goods as the engine of recovery. Capital spending by businesses is expected to increase 10.1 percent above this year's 19.8-percent rise.

Housing and appliances retreat

Housing starts, another factor which is considered to influence retail sales, should reach 1.8 million units in 1985, according to optimistic projections. More conservative estimates say that a slower economy and the rise of a percentage point or two in conventional mortgage rates in 1985 will keep next year's starts down to 1.5 million, somewhat fewer than the projected 1.75 million housing starts for the 12 months of 1984.

Based on her findings that housing starts tend to influence appliance sales with about a six-month lag, one retail analyst said she expects next year's starts to average 1.7 million vs. 1.8 million this year. Linda Kristiansen, vice president of PaineWebber, told MART that while there might be a surge in housing because of near term lower interest rates, both housing and appliances will be retreating next year.

"Obviously, we've peaked in terms of housing starts," Kristiansen said. "When I look at some of the major retailers, I'm not looking for a real big resurgence in appliance sales. They've certainly slowed at Sears very sharply since June ... If we do get a

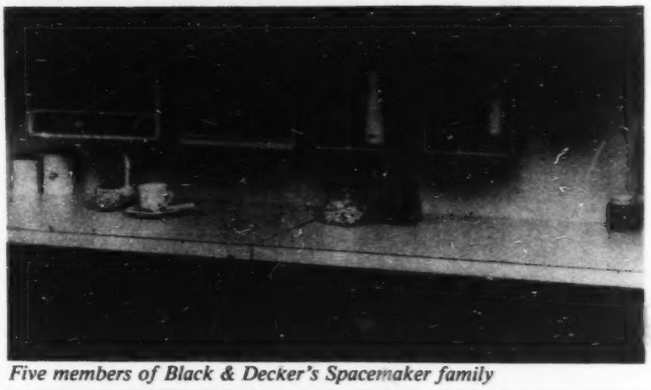
General Electric betting on space-constrained market

GE's Spacesaver Dishwasher

Although construction of new housing will slow and likely level off to a somewhat more sluggish growth rate in 1985, the market for space constrained major appliances promises to be a healthy one throughout the year.

Products like General Electric's new full-width, full-featured Spacesaver Undersink Dishwasher (Model GSM603) are attractively sized for new housing units with smaller kitchens, some as compact as 50 square feet. By coming up with a way to utilize the typically unused eight cubic feet of space under a special, shallower six-inch deep single or double bowl stainless steel sink, the Louisville, KY manufacturer can now proclaim "Any kitchen big enough for a kitchen sink is big enough for a dishwasher, too."

Targeted primarily to the new housing market and secondarily to the remodeling and do-it-yourself markets, the product has been positioned to address the trends of shrinking kitchen space and the growing need for time-saving appliances by families in which both spouses are full-time breadwinners.



Five members of Black & Decker's Spacemaker family

"We feel that this really addresses a true need in the marketplace," said Robert A. Reid, general manager of GE's home laundry and dishwasher group.

It is reportedly the only full-sized, under-the-sink dishwasher in the world. Up until about two years ago, GE manufactured a steel-constructed machine which apparently proved infeasible because of leaking and corrosion, among other reasons. Model GSM603 is made with a single piece, molded PermaTuf tub. It comes with a full 10-year guarantee against cracks, chips or rust.

The unit requires some special plumbing hardware in addition to the shallower sink, both of which will be sold via the manufacturer's distribution network, although company officials said they are widely available from plumbing supply outlets nationwide.

Available in January, retail price is expected to range from $350 to $400.

"A couple of years ago, if you told somebody that they were going to grow by four percent after adjusting for inflation, they would have been ecstatic. You tell them that now ... and they're going to think you're a horrible pessimist."
— James Newton, Management Horizons

Stereo, digital TV big in '85

Stereo TV sets and models like Toshiba's CZ-2094 digital color TV monitor promise to be hot products in 1985.

The digital TV features Picture in Picture (P.I.P.) display, freeze-frame window and full on-screen display of settings and commands, functions which the vendor says cannot be found with equal precision and versatility on analog TV sets. The product also has Toshiba's "FST" Blackstripe picture

tube, said to be the industry's flattest and squarest. The P.I.P. window can be adjusted to either 1/4 or 1/16 the size of the unit's 20-inch screen, measured diagonally.

"If you were watching a football game," said Toshiba's national marketing coordinator Dave Patterson, "it will enable you to see the beads of sweat on a linebacker's eyebrow."

AN OVERVIEW
CONSUMER ELECTRONICS PRODUCTS

Year	Total Factory Sales *($ Millions)*
1980	10,900
1981	12,000
1982	16,100
1983	20,100
1984 (proj.)	22,700
1985 (proj.)	24,700

Source: Electronic Industries Assn./Consumer Electronics Group

surge, I don't look for it to be very long lived."

The outlook for major appliances seems to be one for minimal growth, if any. Both officials of General Electric Co. and Litton said they exected the year to be pretty flat, depending, of course, on interest rates. The Association of Home Appliance Manufacturers (AHAM) forecasts a meager two-percent increase in factory shipments of major appliances next year.

Retailers like Bill Houghton of Lehman Electronics with three stores in northeastern Indiana were not too optimistic about next year's sales.

"If we are to continue to have high federal debt and try to stem the tide of inflation at the same time," Houghton said, "it would seem to me that we would have higher interest rates, which ultimately will slow down the retail market somewhat. I don't expect it to go bust, but I don't expect it to increase at the rate we've seen in recent months."

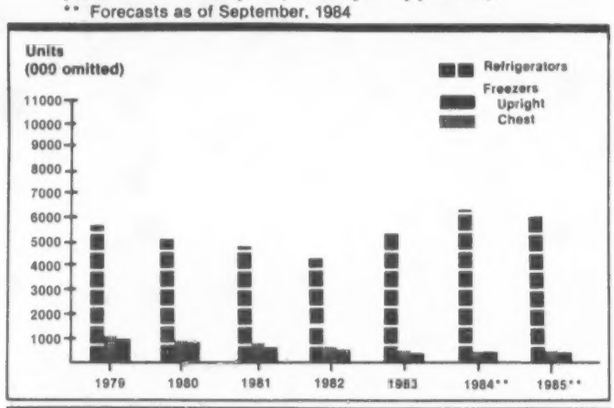
Consumer electronics slowdown

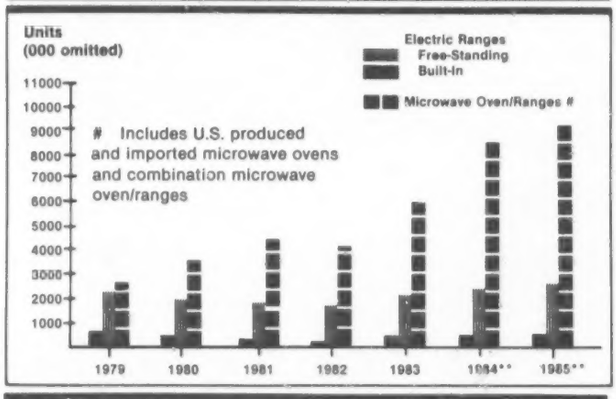
In consumer electronics, 1985 promises to be a year of slower growth, even among the hot sellers, such as videocassette recorders, stereo TVs, microwave ovens, personal computers and home security systems.

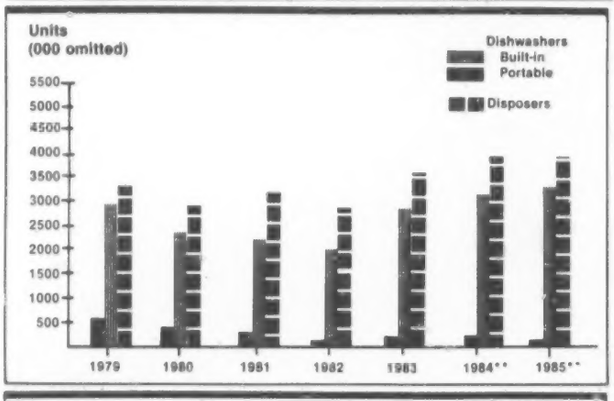
The Electronic Industries Association/Consumer Electronics Group conservatively predicts a VCR sales growth rate of between 15 and 20 percent, considerably lower than the nearly 80-percent growth seen during the first nine months of 1984, yet still the envy of other industries, according to an industry spokesperson.

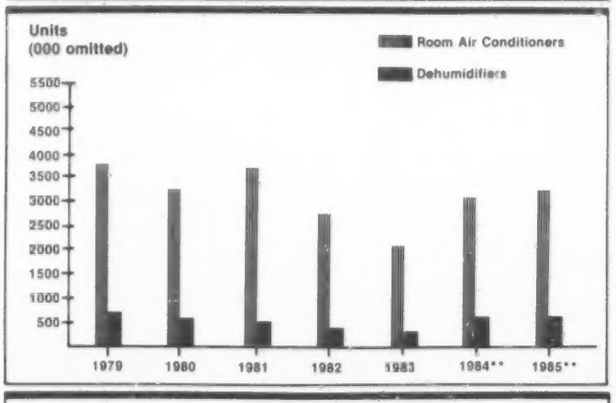
According to EIA/CEG projections, color TV sales (exluding projection TV) to dealers will be up just a fraction of a percent in 1985, while projection TV will be up just over 11 percent. Monochrome sets, including green and amber monitors, will be down eight percent, continuing a decline that began in 1983. Color video cameras are expected to experience sales growth of over 15 percent. And sales of videodisc players, still reeling from RCA's decision to

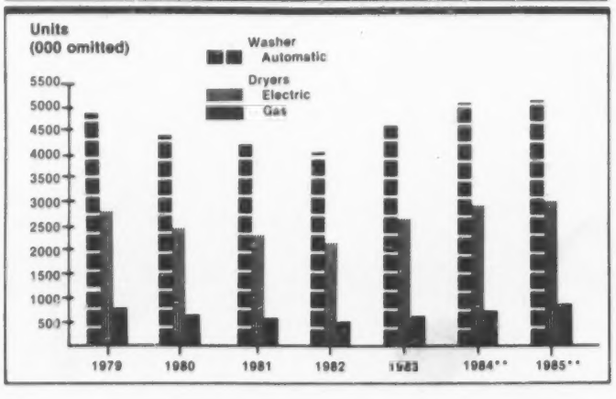
Trends and Forecasts: Factory Unit Shipments (*Domestic + Export*) of Major Appliances
** Forecasts as of September, 1984











Source: Assn. of Home Appliance Mfgs.

quit the market, are forecast to plummet by 125 percent compared to this year's projected unit sales.

Perhaps the brightest outlook is for compact disc players, with an estimated 100-percent increase in unit sales in 1985 over 1984. Sales of table, clock and portable radios are expected to equal 1984's projected levels. And compact audio systems are forecast to drop by two percent.

Personal computer dollar shipments were projected to increase by more than 58 percent in 1984 compared to 1983, according to Future Computing Inc., which forecasts a much slower 38-percent growth rate for 1985 over 1984. Because of price-cutting and a near glut of products this year, however, it reported recently that even big chains like Tandy Corp. are losing money or turning only small profits on personal computers.

Home computer sales should rise by 23 percent next year, according to EIA/CEG. And home computer software is expected to experience sales growth of better than 45 percent in 1985. Sales of programmable video games and video game cartridges are expected to continue to slide next year.□ EDWARD E. OHLBAUM

Estimated Household Penetration By Product

All Television	98%
Color TV	91%
Monochrome TV	70%
Projection TV	1%
VCR	13%
VDP	1%
Programmable Video Games	24%
Home Computers	10%
Audio Systems	81%
— Compact	45%
— Component	34%
— Console	18%
Telephone Answering Devices	4%
Cordless Telephones	9%
Home Radios	98%

Source: Electronic Industries Assn./Consumer Electronics Group

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Compact disc units poised for '85 sales

Compact discs and compact disc players are expected to continue very healthy sales growth in 1985. The world's first portable CD player, Sony's new D-5, can be used with optional battery pack/carrying case and optional headphones for music on-the-go, or it can be plugged into a home hi-fi system. List price is $299.95.

Concert hall realism is also available in two of the vendor's units for the car, CDX-5 ($599.95 list) and CDX-R7 ($699.95 list), which includes a quartz frequency synthesis AM/FM tuner. Both models conform to the new DIN standard for in-dash car stereo units.

Two new Sony CD players for the home round out the vendor's newest CD products. The CDP-111 ($600.00 list) is the firm's lowest priced unit with remote control. And the CDP-210ES ($550.00 list) is Sony's lowest priced product in the ES line.

Sony recently launched an "umbrella" advertising campaign to support sales of the CD products on cable network MTV and in print ads in national consumer and hi-fi buff publications. In addition, the company's 30-second TV spot was scheduled for broadcast by major market TV stations.

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JANUARY 1985

Business Ideas Today's Retailer Needs to Know

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The co-op game: Is it worth playing?

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- Extended Warranties Spur Sales
- Consumer Advertising Review

ELECTRONICS 85

- New Products Draw Crowds to CES
- Atlanta Audio Chain Buys Video Stores
- First Satellite TV Franchises for Sale

APPLIANCES 85

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- Business in Built-ins

Spotlight:
Empire State Retailer
Frank Cocca Jr.

ESTABLISHED 1953

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January 1985
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Survey shows retailers discovering home security phone systems

These high-ticket items, returning an average 33% margin, are set to penetrate more outlets

OUR MARRIAGE CAN MEAN A BIGGER SLICE FOR YOU.

A bigger slice of profit from increased phone sales.

And your phone sales will increase, because Southwestern Bell Telecom and Freedom Phone® have joined to offer your customers a complete line of phones and telecommunications products at competitive prices.

A line of Freedom Phones that can't help but sell, because they're a quality line. Quality that can only come from bringing together some of the best people in the industry, and from having one of the highest production standards.

To prove it, we're offering a one to two year warranty (depending on the phone) with the option of taking a 5 to 10 year extended warranty on any phone we sell at prices you won't believe.

Exciting? We think so. And now that we've told you about our phones, we're going to tell the nation with a motivating advertising campaign.

So, if you've missed our wedding, come to our reception at the Consumer Electronics Show. Don't miss a chance to cut yourself a bigger slice of the profit.

Come to booth 5152
Consumer Electronics Show
Las Vegas, Nevada
January 5-8, 1985

Freedom Phone®
Southwestern Bell Telecom

Circle No. 131

If you are like most retailers you are looking at the marketplace cautiously for the future. The traditional telephone business has become a jungle, and dealers all over are scouting around for different-but-related product lines to act as new sources of revenue.

A recent poll conducted by MART/ *Telecommunications Retailer* shows that many of our readers have discovered home security phone systems as an emerging growth category. Forty-seven percent of those responding are currently carrying at least one line in this product category and, of those indicating they are not carrying this type of product at present, 47.1 percent state they plan to begin stocking home security phone systems within the next six months.

Those retailers who have committed themselves to selling these security systems appear to have put their hearts and part of their wallets into it. While 18.8 percent replied they carry at least one system, 50 percent carry at least two and 31.2 percent are selling three or four different systems. Additionally, an even 50 percent indicated they plan to add more brands between now and March.

Many retailers have discovered home security phone systems as an emerging growth category: some already carry at least one line and others plan to do so within the next six months.

Given this level of retailer activity one would expect sales to be strong but the figures are fairly non-committal on this subject. Although 42.8 percent believed their sales in this category were up between one percent and 25 percent over the same period last year, 43.7 percent claimed their market was static, with sales about the same, and 12.5 percent indicated a drop in sales of up to 10 percent.

On the positive side of these percentages one telephone specialist shop manager felt, "The public seems to be getting 'braver' and beginning to buy more from the independent commercial phone stores," but most

What *one* thing would you like manufacturers of home security phone systems to do?

Lower prices	18.0%
More p-o-p aids	18.0%
More co-op advertising	14.9%
Better deliveries	4.5%
More sales training	10.5%
More national ad support	18.0%
Better repair service	14.9%
Other	1.5%
Total	100.3%

**Totals more than 100% because of multiple responses*

What is the average margin you get on a home security phone system?

-10%	6.2%
20%-29%	18.7%
30%-39%	31.2%
40%-49%	25.2%
50%-59%	6.2%
60% and over	—
No answer	12.5%
Total	100.0%

What is your most popular price point for a home security phone system?

$100 and under	18.7%
$101 to $200	25.1%
$201 to $300	37.5%
$301 and over	18.7%
Total	100.0%

How have your sales so far this year compared to the same period last year?

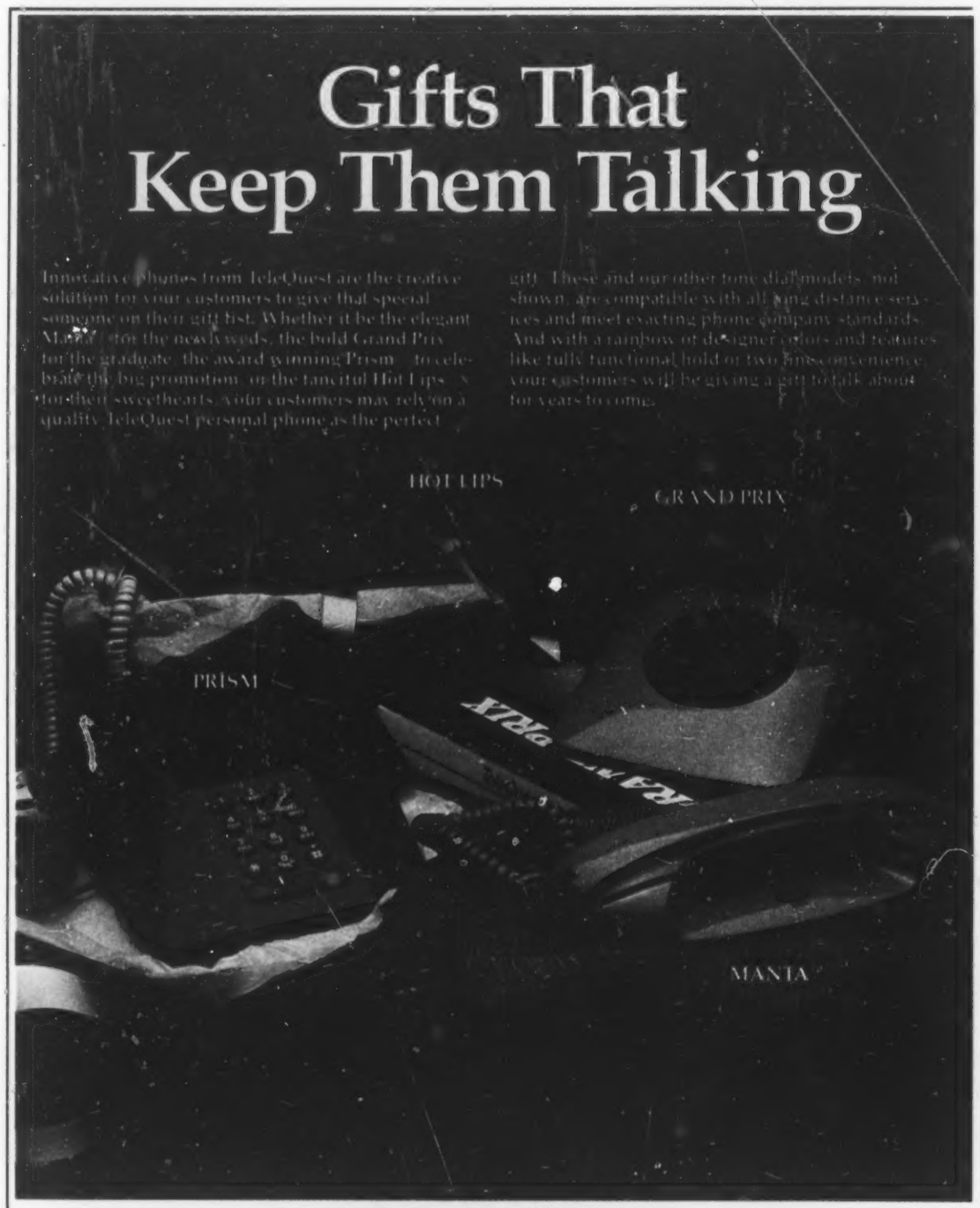
Up by . . .	
1%-10%	18.8%
11%-15%	6.2%
16%-25%	18.8%
About the same	43.7%
Down by . . .	
1%-10%	12.5%
Total	100.0%

agreed with a New York area dealer who claimed, "Sales will be slow until the consumer becomes educated to the product and its benefits."

What do dealers feel they need most from manufacturers to improve sales? In a three-way tie more national ad support, more point-of-purchase aids and lower prices topped the list with 18 percent each. Also reflecting importance was the need for more co-op advertising and better repair service, each cited by 14.9 percent of the respondents.

Dealers want more national and co-op ad support, more Point-of-Purchase aids, lower prices and better repair service from manufacturers.

Regardless of sales activity, home security phone systems do appear to be a profitable item for those making sales. Our respondents indicated that over 55 percent of all systems leaving the shop left at least $200 in the cash register with the bulk of sales garnering between $200 and $300. Margins appear healthy as well — with 31.2 percent of sales netting between 30 and 39 percent and 25.2 percent realizing between 40 and 49 percent — our respondents' average margin worked out to 32.7 percent.□



Microwave ovens: What do consumers like? Why do they buy and where?

MART's Microwave Oven Survey examines owners' attitudes and preferences

The microwave oven is the cooking appliance of today and tomorrow. Projections are that about 7.25 million microwave ovens will be sold in this country during 1985. Research has shown that approximately one-third of the households in the United States used microwave ovens in 1984.

According to the Association of Home Appliance Manufacturers (AHAM), shipments (units shipped to the retailers) of microwave ovens and microwave/ranges were up significantly each month of 1984 over 1983.

September 1984 shipments were up 54.1 percent over September 1983 shipments, October 1984 was up 36.8 percent over October the year previous and November 1984 was up by 57.5 percent over November 1983. At presstime, AHAM reported the year-to-date increase, as of October, at 57.5 percent.

All this confirms that there is a tremendous growth in consumer acceptance of microwave ovens.

The primary objective of MART's 1985 Microwave Oven Survey was to determine owners' attitudes and preferences regarding the purchase of microwave ovens and accessories, and microwave cooking in general.

A total of 1,109 surveys were mailed to individuals who were identified by microwave manufacturers as having purchased a microwave oven within the previous year. There were 293 questionaires returned for a response rate of 28 percent.

The demographic breakdown of the survey's respondents is as follows:

- Four out of five are female.
- 35 percent are between the ages of 25 and 34.
- 21 percent are college graduates and 16 percent have done post-graduate work.
- 35 percent are members of a two-person household.
- 83 percent are married.
- The median household income is $33,925.

TABLE 1

How many microwave ovens do you now own?

One	94%
Two	3%
No Answer	3%
	100%

Base: 293

TABLE 2

How did you first get interested in microwave cooking?

Store demonstration	4%
Magazine or newspaper ads	3%
Salesperson's recommendation	1%
Friend's recommendation	63%
Television commercials	4%
Other	15%
No Answer	3%
Family recommendation*	6%
	100%

*Choice not listed on questionnaire
Base: 293

TABLE 3

Where did you buy your microwave oven?

Microwave specialty store	21%
Department store	10%
Mass merchandiser	3%
Appliance/TV store	50%
Catalog showroom	1%
Discount store	5%
Received as gift	8%
No Answer	1%
Other	1%
	100%

Base: 293

TABLE 4

How many different times did you visit this particular store before buying the microwave oven?

Never before	8%
Once	42%
Twice	23%
Three times	8%
Four times or more	10%
No Answer	9%
	100%

Base: 293

TABLE 5

How many other stores did you shop in before buying the microwave oven?

No others	35%
One	8%
Two	15%
Three	13%
Four	7%
Five or More	11%
No Answer	11%
	100%

Base: 293

TABLE 6

Approximately how much did you pay for your microwave oven?

Under $200	2%
$200 - 249	5%
$250 - 299	16%
$300 - 349	15%
$350 - 399	19%
$400 - 449	13%
$450 - 499	10%
$500 - 549	5%
$550 - 599	1%
$600 - 649	1%
$650 or more	2%
No Answer	11%
	100%

Median: $390.00
Base: 293

TABLE 7

Which of the following factors was MOST IMPORTANT in your decision on which microwave oven brand to buy?

Manufacturer's reputation	22%
Price	14%
Ease of operation	13%
Exclusive features	10%
Appearance or styling	4%
Size or oven capacity	14%
Friend's recommendation	4%
Salesperson's recommendation	8%
Free accessories	1%
Other	8%
No Answer	5%
	103%*

Base: 293

TABLE 8

Which comments best describe your reaction to the microwave oven salesperson?

Knowledgeable about product	39%
Pushing one brand over another	4%
Helpful and friendly	35%
Used "hard sell"	1%
Not knowledgeable about product	4%
Willing to negotiate price	5%
No salesperson available	9%
No Answer	8%
	105%*

Base: 293

TABLE 9

Did the store where the oven was purchased offer a cooking school?

Yes	46%
No	42%
No Answer	12%
	100%

Base: 293

Adds to more than 100% due to multiple responses.

Hardwick "Tells it" like it is.

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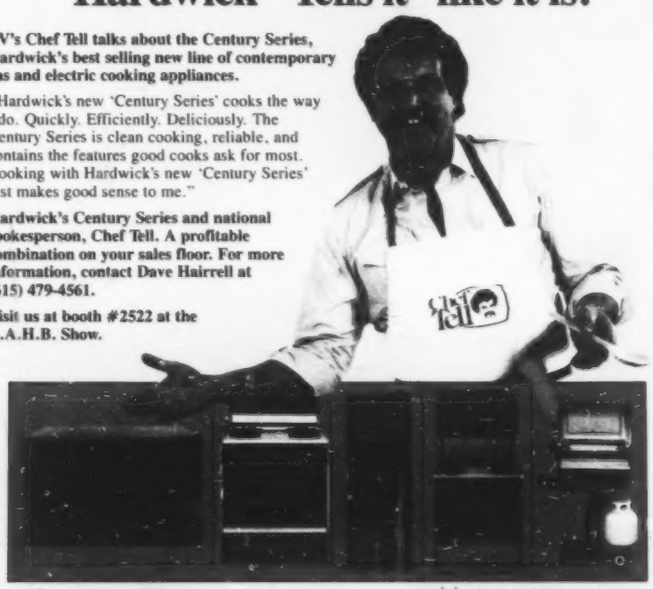

Century Series™
For the next century of good cooks.

HARDWICK STOVE COMPANY · CLEVELAND, TENN. 37311

Circle No. 149

TABLE 9a

If yes, did you attend the school?

Yes	44%
No	54%
No Answer	2%
	100%

Base: 133

TABLE 10

Considering your knowledge of microwave cooking at this time, would you buy a microwave oven again?

Yes	93%
No	4%
No Answer	3%
	100%

Base: 293

TABLE 11

Would you buy the same brand of microwave oven again?

Yes	93%
No	2%
No Answer	5%
	100%

Base: 293

TABLE 12

What percent of your weekly cooking do you do in the microwave oven?

1% - 24%	18%
25% - 49%	23%
50% - 74%	29%
75% - 100%	20%
No Answer	10%
	100%

Base: 293

TABLE 13

How often do you use your microwave oven for each of the following functions?

Defrosting	14%
Reheating leftovers	28%
Cooking main meals	9%
Cooking vegetable	14%
Baking	2%
Heating beverages	14%
Heating convenience food	13%
Preparing ingredients for conventional cooking	8%
Other	1%
No Answer	1%
	104%*

Base: 293

TABLE 14

What do you like BEST about your microwave oven?

Speed of cooking	56%
Easier clean-up	6%
Energy savings	7%
Faster defrosting	11%
Fewer pots and pans to wash	9%
Cooler in kitchen	6%
Other	8%
No Answer	2%
	105%*

Base: 293

Adds to more than 100% due to multiple responses.

TABLE 15

Have you bought additional accessories since your oven purchase?

Yes	63%
No	30%
No Answer	7%
	100%

Base: 130

TABLE 15a

If yes, approximately how much have you spent?

Under $20	41%
$20 - 39	21%
$40 - 59	28%
$60 - 79	7%
$80 - 99	—
$100 or more	2%
No Answer	1%
	100%

Base: 82

TABLE 16

Did you buy any microwave accessories at the time of your purchase?

Yes	36%
No	60%
No Answer	4%
	100%

Base: 293

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Magic Chef®

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Circle No. 150

TABLE 16a

Approximately how much did you spend?

Under $20	34%
$20 - 39	34%
$40 - 59	18%
$60 - 79	6%
$80 - 99	2%
$100 or more	3%
No Answer	3%
Median: $35.73	100%

Base: 109

TABLE 17

What accessories did you buy?

Cookbook	28%
Cookware	56%
Utensils	12%
Other	2%
No Answer	2%
	100%

Base: 164

TABLE 18

Have you found any disadvantages to microwave cooking?

Yes	71%
No	24%
No Answer	5%
	100%

Base: 293

TABLE 18a

What are they?

Overcooking of food	14%
Can't use metal cookware	16%
Too much stirring/turning	8%
Controls too complicated	1%
Can't cook some foods well	27%
Large quantities take too long	9%
Adapting conventional recipes hard	11%
Appearance of food	13%
Other	5%
No Answer	1%
	105%*

Base: 293

TABLE 19

Where have you purchased most additional accessories?

Same store as oven	12%
Housewares Department or store	34%
Mass merchant or discounter	25%
Mail order catalog	1%
Catalog showroom	3%
Supermarket	7%
Other	3%
No Answer	17%
	102%*

Base: 293

TABLE 20

Do you plan to buy any additional microwave accessories?

Yes	57%
No	40%
No Answer	3%
	100%

Base: 293

TABLE 20a

If yes, will you most likely buy:

Cookware	73%
Cookbook	23%
Other	4%
No Answer	
	100%

Base: 188

Adds to more than 100% due to multiple responses.

Survey findings are summarized in the charts accompanying this report. Following are highlights of those findings.

Nearly all the respondents (98%) had purchased a microwave oven within the past 12 months. The overwhelming majority (63%) became interested in microwave cooking because of a friend's recommendation. Six percent of the respondents, however, indicated that a relative's recommendation got them interested in microwave cooking. It is interesting to note that "relative's recommendation" was not even listed in the survey.

Half the respondents bought their microwave ovens at appliance/TV stores, although the microwave specialty stores were a strong second (21%) among our respondents. By

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comparison, MART's 1983 survey showed that 54 percent of the respondents bought from appliance/TV stores and only seven percent made their purchase at microwave specialty stores.

Two-thirds (65%) of the respondents visited the store where they purchased their microwave oven only once or twice prior to purchasing, an it was the *only* store shopped by 35 percent of the respondents before buying an oven.

The median price paid for a microwave oven was $380.00, down only slightly from the $382.00 reported in 1983. Less than four percent paid more than $550.00 in 1984.

The manufacturer's reputation was the most important factor (22%) in deciding which brand of microwave oven to buy. Price was the next most important factor (14%).

In general, respondents felt that the salesperson they dealt with was knowledgeable about the product (39%), and they also felt that the salesperson was helpful and friendly (35%).

Nearly half (46%) of the respondents indicated that the store where they purchased their microwave oven offered a cooking school; of that group, 44 percent did attend the cooking school that was offered. By comparison, in 1983 only 35 percent of the stores offered cooking schools and 37 percent of those respondents attended.

A whopping 93 percent of the respondents stated that they would buy a microwave oven again, with the same percentage reporting that they would buy the *same brand* again.

Close to one-third (29%) of the consumers indicated that between 50 and 74 percent of their weekly cooking is done in their microwave oven. The feature that they liked the best about their units is "speed of cooking" (56%). In 1983, three out of four (77%) respondents indicated that this was their favorite feature.

Seven out of 10 (71%) of the respondents found disadvantages to microwave cooking—the biggest (27%) was not being able to cook some foods well.

Only 36 percent of the consumers bought microwave oven accessories at the time of oven purchase. Of these, the majority (68%) spend $40.00 or less. Cookware and cookbooks were bought by 28 percent and 56 percent of the respondents, respectively. But since their oven purchase, nearly two-thirds (63%) of the respondents have purchased accessories. For the most part, they, too, have spent less than $40.00.

The microwave accessories were purchased either in the housewares department of the store (34%) or from a mass merchant or discounter (25%). More than half the respondents (57%) still plan to buy additional microwave accessories, with cookware being the most likely (73%).

As in most surveys, some of the most interesting and insightful information comes from respondents comments. Here are some of the most representative replies to MART's survey question, "Why would you buy a microwave oven again?"

—"I've learned all the advantages of cooking with a microwave and it's simple to operate, plus I have complete control over my cooking." (NJ)

—"I love the speed and quickness of cooking with my microwave." (OK)

—"With frozen quality meals and entrees now available, one is essential for a working couple." (OR)

—"Microwave cooking saves half the time in cooking meats and other foods." (CA)

—"Very handy to use, less time in cooking. The food tastes just as good. I have to make a point to use it more." (MI)

—"Makes it possible to cook for two working people much easier." (NY)

—"For a family that is on the go, it is a necessity." (DE)

—"Very handy for reheating leftovers, cooking vegetables and heating breads." (CA)

—"My microwave is very simple to understand and use, even without a cookbook and it saves a tremendous amount of time preparing dinners." (MA)

—"I just purchased my microwave about three months ago and I don't know how I managed without it for so long. Now I can come home and have dinner waiting on the table in about 40 minutes. That's what I call convenience!" (OH)

And there were a few who said they would *not* buy a microwave again.

—"No, I wouldn't buy another. The time dials do not work as they should, it costs too much and we do not use it." (IL)

"It doesn't cook even. Every oven should have a built-in rotor disc for even cooking." (UT)□

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Circle No. 152

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MART® 85

FEBRUARY 1985

Business Ideas Today's Retailer Needs to Know

A Gordon Publication

P.O.P: BOOSTING SALES WITH HIGH IMPACT DISPLAYS

RETAILING

Point-of-Purchase displays: The silent salesmen

Spotlight: Davison's of Atlanta

One-hour photofinishing wows 'em at WCES

APPLIANCES

The '85 outlook for freezers and refrigerators

Santa was good to floor care dealers

Air conditioners warm up for the coming selling season

ELECTRONICS

MART's WCES product review:

- **Audio**
- **Video**
- **Electronic typewriters**
- **Computer hardware**

The latest consumer electronics marketing figures and projections

Atlanta-based Stereo Village

This ISSUE: MART's WCES REVIEW

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Volume 31, Number 6

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MART 85

Business Ideas Today's Retailer Needs to Know

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ELECTRONICS 85

WCES: High tech hits high gear

It was with tired feet and a truckload full of new product announcements that we left Las Vegas and yet another CE Show. Each of the 1,411 exhibitors had something to say, of course, and no doubt they found someone to listen considering there were 101,000 showgoers in attendance.

If you were among the throngs that attended, chances are you didn't get to see everything on display (Who did?). And if you stayed home in an effort to save wear and tear on your shoes and your sanity, you missed plenty. Not to worry, though. MART's editorial team traveled to all corners of the 808,000 square feet of exhibit space in an effort to provide you with in-depth coverage of the WCES.

In the following pages we profile some of the new audio and video products that made a splash as well as the computer hardware and the new electronic typewriters introduced. As we are able to include only a small sample of the many products shown, we mainly selected those that appear to represent trends on the horizon.

Also in this issue is a rundown of the statistics presented by the Electronic Industries Association. Consumer electronics products promise to generate over $31 billion in retail sales in 1985. We've presented these statistics so you'll know where the money has been spent and where it is likely to be spent in the future.

Keep in mind that MART's coverage of the CE Show does not end with this issue. In March, for example, we'll have a rundown of the telephones and computer software exhibited as well as a number of other features that sprang from our four days in Las Vegas.

So stay tuned.

How an electronics specialist carves out its niche

Atlanta-based Stereo Village focusses on high-tech items to make use of its expertise

In the highly competitive Atlanta, GA, marketplace — estimated to represent about $275 million in consumer-electronics sales in 1984 — Stereo Village aims to make its mark through a combination of sharp pricing, aggressive advertising, and a consistent pattern of in-store promotions throughout the year.

"With the current audio/video explosion, now is the time for the specialty store to capitalize on its expertise," believes Larry Sarner, Stereo Village executive vice president . . . and that's what the company is looking to do.

Stereo Village was started as a one-store operation in Atlanta in April 1977, by Jack Dubler, now chairman of the board; his brother Bernard, a veteran of New York's Friendly Frost operation who is now president and chief executive officer of Stereo Village; and Sarner, who is Jack Dubler's son-in-law. Michael Dubler, Jack's son, joined the company in January 1978, and heads the firm's New Orleans operation as executive vice

[Continued on page 45]

Is the combination working? The operation has grown from one store to 16 — in three states — in less than eight years, while sales for its 1985 fiscal year are estimated to reach $40 million.

Stereo Village's Jim Buckler, left, and Larry Sarner feel the specialist has definite merchandising advantages.

1984 was the best year yet for consumer electronics, EIA statistics report

Nine-percent growth last year translates to a $31-billion industry at retail

George Orwell's predictions notwithstanding, 1984 was the best year yet ... for the consumer electronics industry. And the Electronic Industries Association statistics released at the WCES "Outlook '85 Conference" confirmed that statement over and over.

According to William E. Boss of RCA Consumer Electronics, who presented the statistics, "1984 was the best year the consumer electronics industry has ever had, and the 'electronics Christmas' we're all recovering from (happily) had to be just about the best sales period in memory."

Boss listed three basic reasons for the overwhelming success of the consumer electronics industry:

(1) Electronic products have captured the public's imagination.

(2) The products have an extensive retail network managed by progressive merchants across the country.

(3) Electronic products offer great value to the consumer.

[Continued on page 44]

Consumer Electronics Products

	Total Factory Sales ($ millions)
1980	10,900
1981	12,500
1982	16,800
1983	20,800
1984 (proj.)	22,800
1985 (est.)	24,900

Source: EIA/CEG

Total Videocassette Recorders

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	805	621	771
1981	1,361	1,127	828
1982	2,035	1,303	640
1983	4,091	2,162	528
1984 (proj.)	7,300	3,410	467
1985 (est.)	9,500	4,250	447

Color Video Cameras
(Excl. VCR/Camera Combinations)

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	114	na	na
1981	190	147	774
1982	296	232	784
1983	414	303	732
1984 (proj.)	480	340	708
1985 (est.)	480	315	655

EIA Statistics

[Continued from page 34]

Videodisc Players*

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980 (est.)	40	na	na
1981	157	55	350
1982	223	54	242
1983	307	81	264
1984 (proj.)	200	45	230
1985 (est.)	130	40	300

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Circle No. 120

To illustrate the third point, Boss explained that many prices today are triple what they were in 1967 — the "base year" used to calculate the Consumer Price Index. "If a candy bar cost 10-cents in 1967, it cost more than 30-cents today — and that in itself is sobering," he told the audience of WCES attendees.

Then came the "shocker": "Prices for products in the audio segment of our industry are only 107.7 — slightly increased in 18 years. And, in television, they have *declined* to 92.1. It actually costs less to buy a color television today than it did almost a decade ago!"

The accompanying charts are derived from data compiled by the association's Marketing Services Department and a consensus of various industry sources collected by EIA.

"For the time being, we seem to be over the exciting period of growth we enjoyed in 1982 and 1983, and we have settled down to a steady climb of eight or nine percent a year," Boss concluded. "But don't forget, that represents several billions of dollars more every year."

Estimated Household Penetration by Product
(As of January 1985)

All Television	98%
Color TV	91%
Monochrome TV	70%
Projection TV	2%
VCR	17%
VDP	1%
Programmable Video Games	25%
Home Computers	13%
Audio Systems	81%
—Compact	45%
—Component	37%
—Console	17%
Telephone Answering Devices	5%
Cordless Telephones	10%
Home Radios	98%

Source: EIA/CEG

Car Audio Equipment*

	Total Factory Sales in Dollars (Millions)
1980	1,368
1981	2,000
1982	2,100
1983	1,900
1984 (proj.)	2,500
1985 (est.)	2,600

**Includes domestic factory-installed and aftermarket equipment.*

Color TV Receivers*

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	10,897	4,210	386
1981	11,157	4,349	390
1982	11,366	4,253	374
1983	13,986	5,002	358
1984 (proj.)	15,800	5,370	340
1985 (est.)	15,900	5,410	340

**Includes monitors for consumer use; excludes projection television.*

Projection TV***

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	57	na	na
1981	122	287	2,352
1982	117	236	2,017
1983	144	268	1,861
1984 (proj.)	190	350	1,842
1985 (est.)	225	415	1,844

***Includes all indirect-view color TV.*

Total Audio Compact & Component Systems

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	3,744	809	216
1981	2,882	720	250
1982	2,640	573	217
1983	3,058	630	206
1984 (proj.)	3,600	870	242
1985 (est.)	3,700	910	246

Total Portable Audio Tape Equipment

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1980	17,224	1,403	81
1981	19,773	1,157	59
1982	20,664	971	47
1983	25,400	1,102	43
1984 (proj.)	27,100	1,170	43
1985 (est.)	28,400	1,205	42

Compact Disc Players*

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1983	35	15	429
1984 (proj.)	225	70	310
1985 (est.)	400	105	265

**Included in Table 10, Separate Audio Components.*

Total Telephones

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1982	5,700	400	70
1983	19,700	925	47
1984 (proj.)	30,300	1,250	41
1985 (est.)	34,200	1,370	40

Telephone Answering Devices

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1982	850	110	129
1983	2,200	190	86
1984 (proj.)	3,000	230	77
1985 (est.)	4,000	305	76

Home Computers

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1982	2,000	1,300	650
1983	4,800	1,950	406
1984 (proj.)	5,100	2,250	440
1985 (est.)	6,000	3,000	500

Home Computer Software

	Total Sales to Dealers in Units (Thousands)	Total Factory Sales in Dollars (Millions)	Average Value (Dollars per Unit)
1982	na	250	na
1983	35,000	600	17
1984 (proj.)	58,300	930	16
1985 (est.)	75,000	1,200	16

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BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS

JUNE 1985

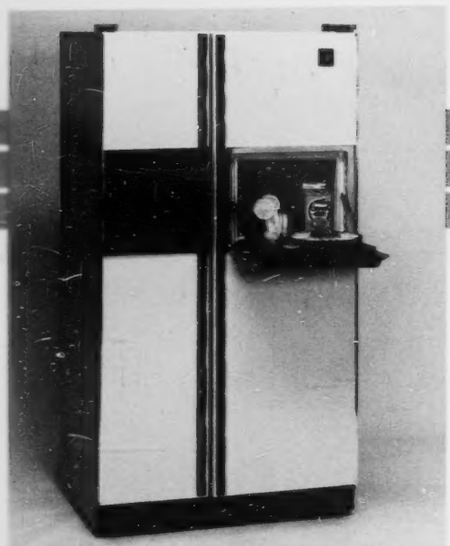
A GORDON PUBLICATION

TELECOMMUNICATIONS

Consumer interest fueled by new phone designs and TADs that answer the call for convenience

HOME ELECTRONICS

Home entertainment systems, paced by state-of-the-art video, have given rise to a TV renaissance



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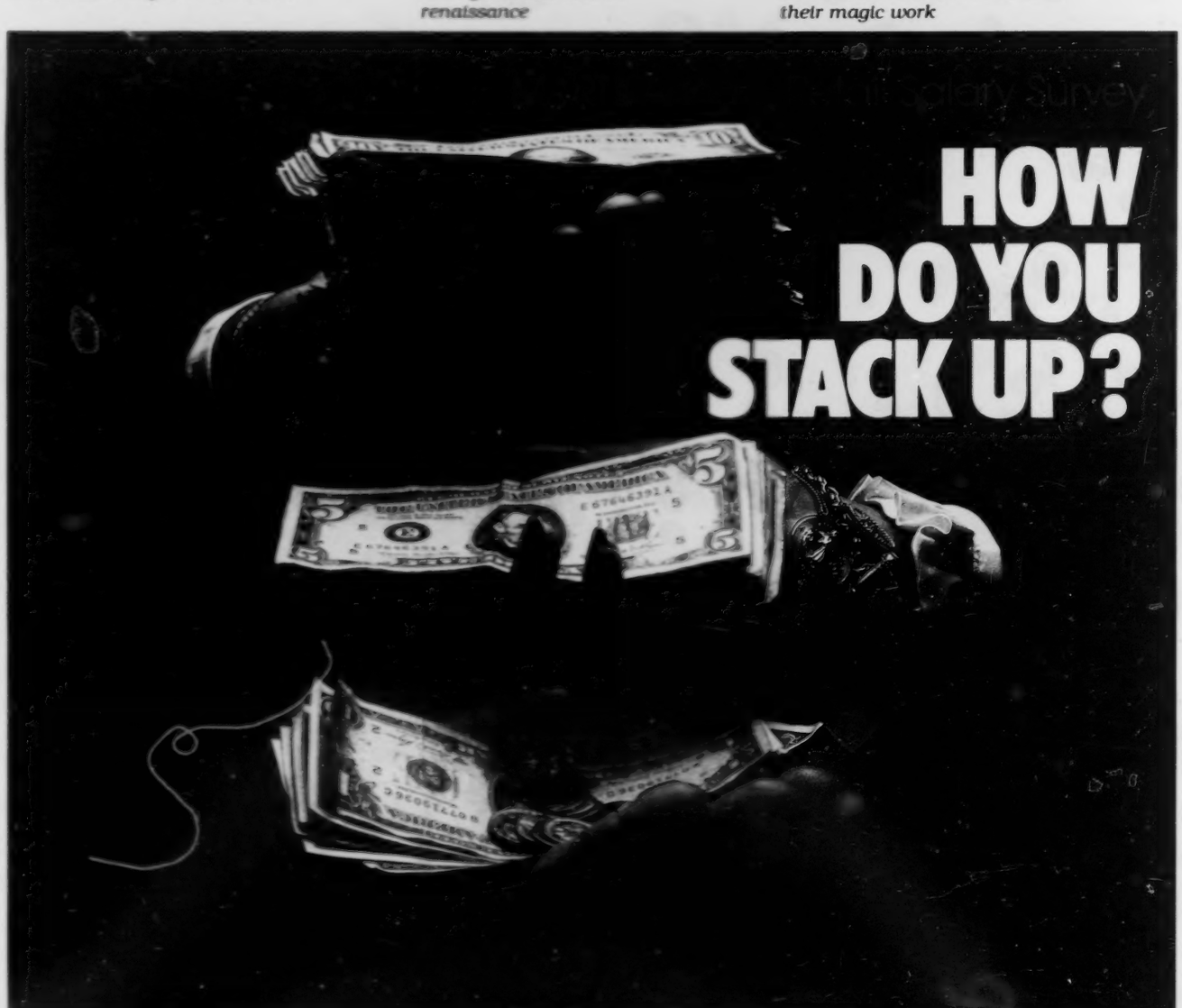

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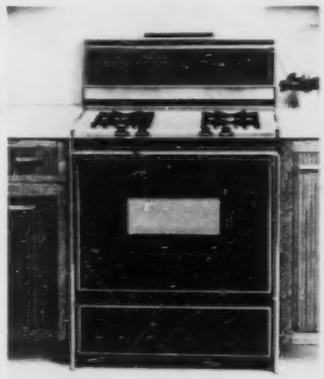

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ABP BPA

MART's annual compensation survey

Here's what retailers say they pay their help

What is the average salary for a floor salesperson in the West? Are you better off owning a chain in the South or Midwest? What can a buyer expect to make in the Northeast?

To find out, MART recently surveyed more than 1,000 owners, presidents and managers of retail operations in a variety of categories: appliance/TV store, home electronics store, specialty store (including telephone, computer, video and hi-fi operations), department store and mass merchandiser.

We guaranteed total confidentiality if the respondents would share with us their operations' current salary levels, rates of commission and/or bonuses, and benefits such as vacation, insurance, profit sharing, employee discounts and tuition reimbursement.

Our respondents represent a good geographical cross-section from the four regions: Northeast, 22 percent; South, 23 percent; Midwest, 34 percent and West, 21 percent. Two-thirds of our survey participants rang up sales of $1 million or less last year, with an additional 22 percent in the $1 to $5-million range. Forty-eight percent described themselves as operating appliance/TV stores, 24 percent as home electronics stores and 15 percent as department stores or mass merchandisers. The remaining 13 percent were "other" specialty retailers.

It is impossible to draw indisputable conclusions from any salary survey. Rather, the statistics presented offer a broad-based compensation picture at different employment levels in the four regions of the country. Whether you regard the results as good, bad or indifferent depends on where you live, what you do, how much your earn, and whether you sign the paychecks or cash them.

The median salary nationwide for presidents/owners, $34,032, is a reflection of the fact that 67 percent of our respondents ran operations with sales under $1 million last year. In these smaller operations, as some of the respondents commented on their questionnaires, their salaries consisted of "the leftovers" from the year's profits.

After the president, buyers commanded the next highest salaries, at $26,927, followed closely by merchandise managers, at $26,103. Store managers ranked fourth with $24,723 per year, then floor salespersons at $18,061. Rounding out the seven categories surveyed, service technicians came in at $17,289, with delivery persons in last place, at $12,689.

What about other forms of compensation? Sixty-four percent of the respondents reported that their service technicians did not work on commission; likewise, 54 percent reported the same about salespeople. Of the 46 percent who did report paying commissions to salespeople, 16 percent pay between one and three-percent commissions, five percent pay four to nine percent, and 19 percent pay more than 10 percent commissions.

Some 70 percent of the retailers reported that they give Christmas bonuses to their staffs, and 9 out of 10 survey participants offer their employees discounts on store merchandise. Out of that latter group, more than half (54%) allow employees to purchase merchandise at cost, and 30 percent give up to one-third off the purchase price as employee discounts.

Sixty-eight percent of the respondents compensate employees for overtime. Of that group, many (70%) stated that they pay their employees time-and-a-half for overtime work, while another 17 percent offer other monetary compensation.

Other benefits include health insurance, offered by 54 percent of the respondees, and life insurance, offered by 31 percent. Tuition reimbursement, performance bonuses and profit sharing are all offered by one out of five retailers surveyed.

On the question of paid vacation, nearly half the respondents (49%) give one week for one year's service and about the same number (47%) offer two weeks for five years'. After 10 years, 23 percent still give two weeks, but 29 percent offer three weeks, and nearly one in 10 (9%) pay for four weeks vacation.

Training programs are popular with the survey's participants. Nearly three out of four (74%) provide training programs for their employees. Out of that percentage, service technicians (38%) and sales staff (29%) rank as the most likely groups to receive training. Department managers and manufacturer's representatives are usually the individuals to conduct the training, with 26 percent and 21 percent respectively. Seventeen percent stated that the owner conducts the training in their organizations. Two-thirds of the respondents reported that training usually takes place in the store.

The turnover picture looked pretty good last year: 40 percent of the respondents reported that they did not experi-

ence any turnover in 1984, with an additional 12 percent reporting between one and nine percent. Those that did report turnover said that they had the highest turnover in their sales department, followed by service and delivery people.

These turnover statistics look even better when we consider that one-third of the respondents did not promote any employees last year, and only one out of 10 (11%) promoted up to 10 percent of their employees.

For those retailers that had low turnover rates, we asked them to what they attributed their success. Following are some of the typical answers.

—"I give all of my employees fair treatment. That's why I have a low turnover rate." TN

—"Good relations with employees." NJ

"I have a personal interest in the staff's welfare." CA

—"Luck and lots of concern by management." IN

"Good working conditions and good employer-employee relationship." FL

—"We have a family-type relationship and we trust each other." KS

"We have 17 percent unemployment in our area. There are no other jobs." OR

—"We have a small business, good working conditions, benefits, and our employees are dedicated and faithful." WA

—"I try to make them feel wanted. Also, it is a slow time in Iowa for employment." IA

—"I pay very competitive salaries for my area and delegate a lot of responsibility to my employees." MN

—"I feel my success for low turnover is fair treatment, fair pay and our profit sharing plan." PA

—"Good personnel policies, good pay, and no night store hours." TX

—"We have high morale among our employees. Also jobs are hard to find in this part of the country." SC

—"My success for low turnover is good pay, flexible management and fair treatment to all employees." AZ

—"We have a low turnover rate due to screening of applicants and very good management."

It will be interesting to look at the 1985 turnover rates in next year's survey, since 28 percent of the respondents reported that they do not intend to give salary increases to their sales staffs this year, and eight percent will give one to three-percent increases. Only one in four (24%) will give four to six-percent raises — just keeping pace with the inflation rate.

So, where are the better salaries? The accompanying charts show median salaries for all seven job titles in each of the four regions surveyed. Here is a quick summary of the best region for each position, according to our survey results.

- If you want to be president or owner of your retail operation, you're probably better off in either the Midwest or South, where the median salaries are reported at $34,250.
- The best salary for a buyer can be found in the West, at $29,500.
- Merchandise managers make higher salaries in the Northeast — $28,000.
- A floor salesperson can make $21,150 in the Northeast.
- For store manager, the Midwest comes in highest at $25,681.
- Service technicians do better in the Northeast at $18,473 annually.
- The highest median salary for delivery people is $13,611, found in the Midwest.

What's the bottom line? While the number of retail executives who participated in the survey is not large enough to project to the entire retail community MART serves, the results do offer insight into which regions offer the best compensation and what types of fringe benefits are generally available. Whether you are an owner or employee, it's important to see how your operation — and salary — compare. □

Yvonne N. Hunley

Do you provide the following for your employees?

	YES	NO
Discounts on store purchases	90%	2%
Christmas bonuses	70%	27%
Overtime compensation	68%	21%
Health insurance	54%	38%
Life insurance	31%	47%
Tuition reimbursement	20%	67%
Performance bonuses	20%	70%
Profit sharing	20%	72%

Note: *Some respondents did not answer all questions, so percentages do not total 100.*

Source: MART Research

Median Annual Salaries Nationwide

TITLE	SALARY
President/Owner	$34,023
Buyer	$26,927
Merchandise Manager	$26,103
Store Manager	$24,723
Floor Salesperson	$18,061
Service Technician	$17,289
Delivery Person	$12,689

Source: MART Research

Median Salaries by Region

NORTHEAST	
President/Owner	$33,250
Buyer	$25,611
Merchandise Manager	$28,000
Floor Salesperson	$21,150
Store Manager	$24,785
Service Technician	$18,473
Delivery person	$11,462
SOUTH	
President/Owner	$34,250
Buyer	$24,500
Merchandise Manager	$24,900
Floor Salesperson	$15,472
Store Manager	$23,166
Service Technician	$18,500
Delivery person	$12,562
MIDWEST	
President/Owner	$34,250
Buyer	$27,833
Merchandise Manager	$24,833
Floor Salesperson	$18,815
Store Manager	$25,681
Service Technician	$17,242
Delivery person	$13,611
WEST	
President/Owner	$34,214
Buyer	$29,500
Merchandise Manager	$27,500
Floor Salesperson	$16,441
Store Manager	$24,884
Service Technician	$14,800
Delivery person	$12,643

Source: MART Research

MART®

BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS

APPLIANCES

Pilotless ignition is just one of several weapons in the industry's arsenal of energy-saving features

TELECOMMUNICATIONS

Will small business systems bring salvation to a soft industry?

HOME ELECTRONICS

Home computer sales may be pulling out of the doldrums

VIDEO SOFTWARE

What's hot and what's not? VSDA members trek to Washington, DC to find out

SUCCESS

DEVELOPING A BUSINESS PLAN DESIGNED TO ~~MEET~~ *Beat* THE COMPETITION!

VSDA Convention Issue

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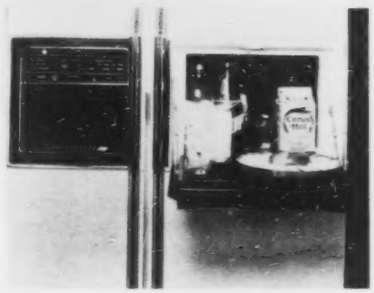

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VSDA Survey:

Rentals still the backbone

Almost 60 percent of the revenue generated by video retail outlets comes from the sale or rental of either action/adventure, science fiction or adult video titles, according to the Video Software Dealers Association. The trade organization's annual survey also reveals that rentals account for an average of 84.3 percent of the retail dollar volume. In short, the survey suggests that customers who come in to borrow a copy of *Raiders of the Lost Ark*, *The Search for Spock* or the latest adult hit remain the backbone of the industry.

What's more, prerecorded video represents over 57 percent of the dollars brought into the average video retailer's store while hardware accounts for 30 percent. The remainder is divided between sales of blank tapes, accessories and other items stocked by the video specialist. Less than half of these transactions — 49 percent — are paid for with cash as most customers opt for credit cards or checks.

Other findings in the VSDA survey include:

• As expected, VHS continues its dominance over all other formats. While more than three-quarters of the tape and hardware activity involves VHS, Beta commands only 14.5 percent. Laser and CED collectively account for less than ten percent of the activity.

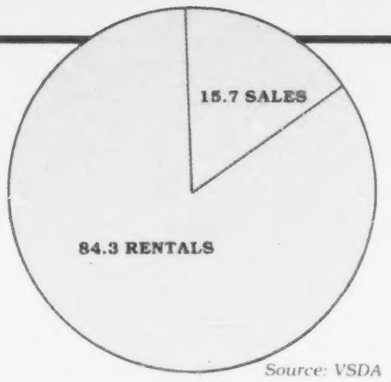
• The popularity of MTV notwithstanding, music videos account for less than three percent of retail revenue. Predictions that the category would soon become among the most successful are not borne out as the survey's findings indicate that music lags far behind comedy, children's video, horror movies and all other categories except How-To and foreign programs.

• Distributors account for just under 16 percent of the total video retail dollar volume with retailers bringing in a total of 83.2 percent. Rack jobbers and mail order houses each account for less than one percent.

• The three top video cassette categories, action/adventure, science fiction and adult, respectively account for 25.2, 19.6 and 13 percent of the retail dollar volume.

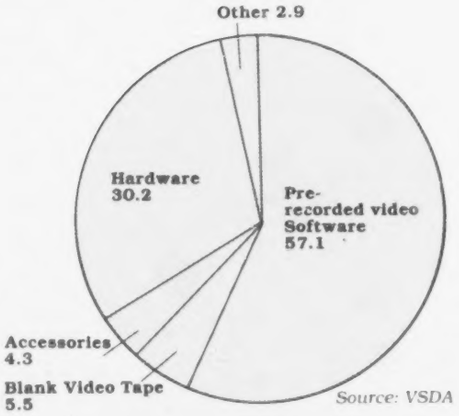
The survey, released just prior to the annual VSDA convention, also sheds light on the particulars of the average video dealer. According to the study, the average store has 1,578 titles, employs 3.2 full-time workers and three part-time workers and has 2,321 inventory units in the store. A sales transaction involving prerecorded video averages $42.66 while the average rental ticket is $6.90. The average number of stores per owner is 4.6 and the shrinkage/theft percentage is reported as a mere 1.1 percent — dramatically lower than virtually all other retail establishments. □

Al Stewart



Source: VSDA

SALES VS. RENTAL



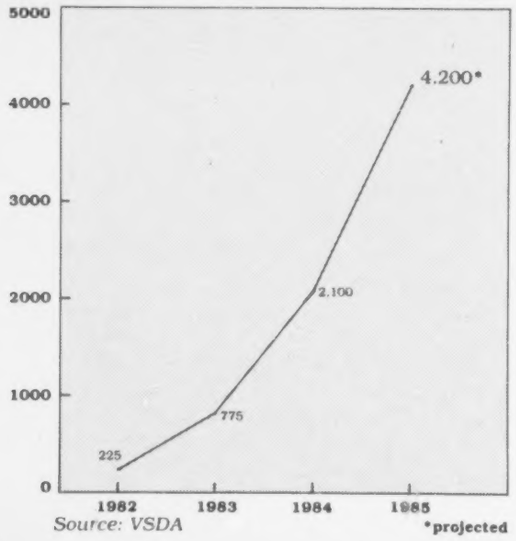
Source: VSDA

PERCENTAGE OF DOLLAR VOLUME BY PRODUCT LINE

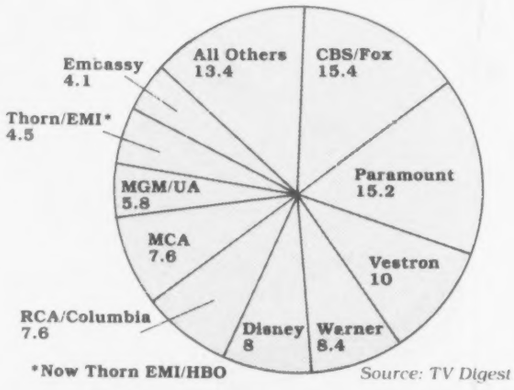
Source: VSDA

PERCENTAGE OF PRERECORDED VIDEO SOFTWARE DOLLAR VOLUME BY PRODUCT TYPE

VSDA CONVENTION ATTENDANCE: THE FIRST FOUR YEARS



Source: VSDA



Source: TV Digest

PRERECORDED VIDEO MARKET SHARE (1984)

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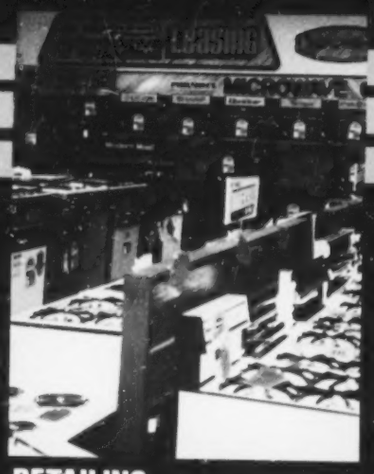
BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS

A CAHNERS PUBLICATION

SEPTEMBER 1985



RETAILING

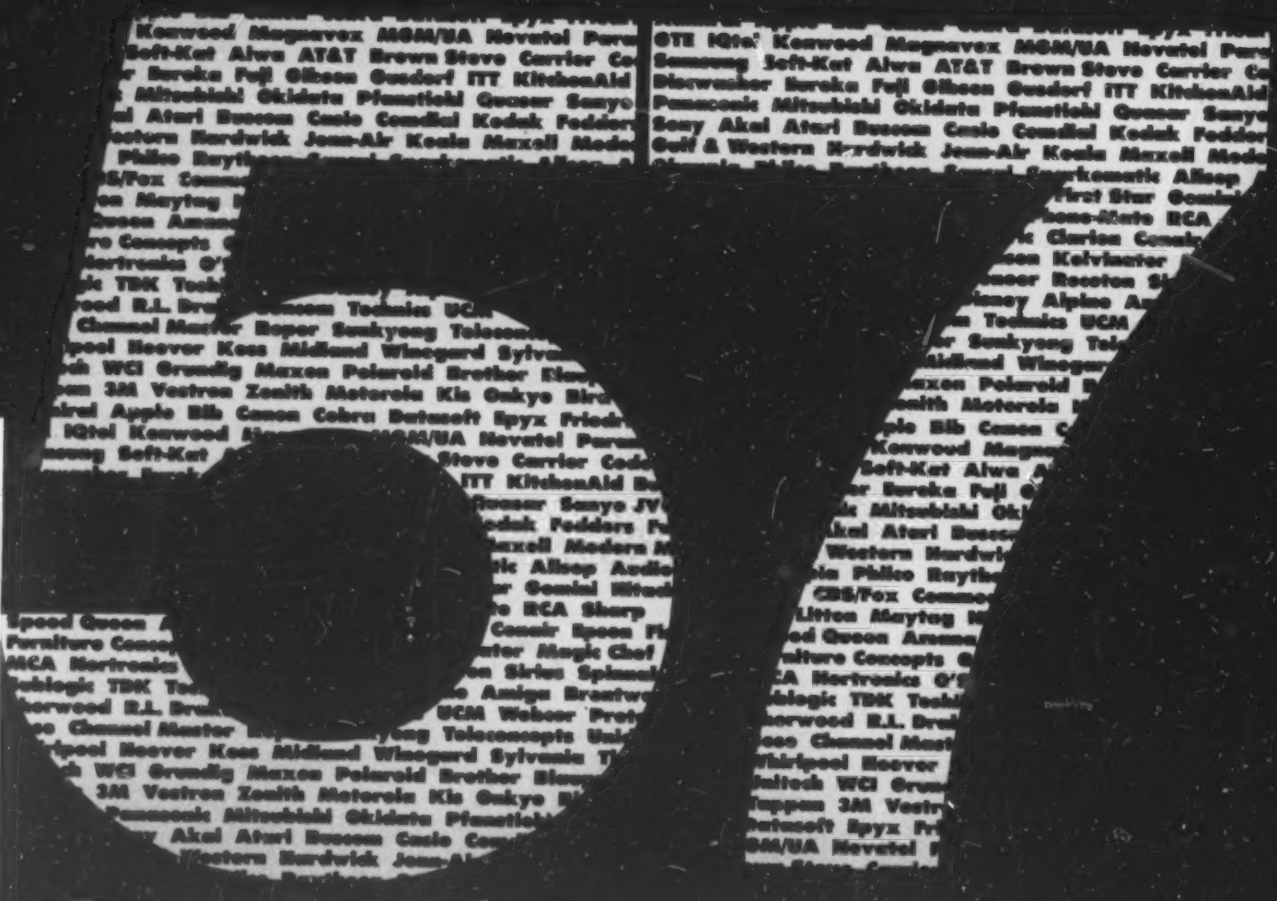
Under one roof at Phil and Jim's: Electronics/appliance dealer strikes a balance and reaps the rewards.

APPLIANCES

Imported built-ins offer styling and features upscale consumers want most

HOME ELECTRONICS

A new generation of portable electronic typewriters has plenty of smarts



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Great deals, products and money-makers

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Video Software Report:

Kidvid deluge sends prices tumbling

The proliferation of product aimed at children has turned into a veritable deluge. Prices continue their downward sprial as new players continue to emerge on the scene. The category, which accounts for roughly 10 percent of the video retail dollar volume, is widely positioned as a "collectable with considerable sell-through potential. The availability of existing programs coupled with the interest "kidvid" has generated has made for something of glut that could trigger further price erosion.

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Warner's release next month of nine cassettes featuring over 70 cartons starring Bugs Bunny and friends, for example, represents the company's most extensive single release of family programming. The $19.98 price tag on each of the hour-long cassettes reflects not only the company's attempt to sell the tape to consumers but the increasingly fierce competition for the kidvid dollar. If $20 seems like rock-bottom pricing, it's not. Public domain (PD) specialist Cayre Industries (*His Girl Friday*, et. al.) will market tapes in their new Kid's Classics line for $9.95.

The new line, featuring the likes of Cinderella and Daniel Boone, will be marketed to mass merchants, toy stores and, of course, video specialty outlets.

Another area of children's programming that continues to grow by leaps and bounds stems from the growing concern over missing or abused children. Walt Disney recently held a press conference in New York City to announce a made-for-video program entitled *Too Smart for Strangers* ($29.95). Situations involving children and adults are dramatized in the 40-minute cassette, and the young viewers are asked what they would do in the same predicament. Winnie the Pooh explains the importance of safety awareness throughout the tape which is geared toward youngsters ages 3-10.

Praised for its sensitivity by a variety of child advocacy groups, the tape has also won the support of John & Reve Walsh, whose son Adam was found murdered two weeks after he disappeared in 1981. Flanked by U.S. Senator Paula Hawkins, Congressman Tom Lewis and Matilda Cuomo, wife of the New York Governor, John Walsh told of the importance of such a tape and of his appreciation for Walt Disney's effort.

The made-for-TV movie about the Walsh's child is also being released on video. *Adam* is available from USA Home Video ($59.95) and features a special message from the Walshes made specifically for the cassette. Both Disney and USA have vowed to donate a small portion of the profit to child advocacy groups.

Vestron's kidvid line, Children's Video Library is offering a tape described by the company as being the first original live-action home video celebration for children: *It's Your Birthday Party! With Rainbow Brite and Friends*. The first original production from the CVL, the tape is also being marketed with a line of party goods, greeting cards and accessories and is designed specifically for a child's birthday party as it combines games, songs and an animated story line. Priced at $59.95, the tape also is the first home video program to be carried by the 3,000 Hallmark stores nationwide.

Market share race tightens

CBS/Fox, RCA/Columbia and Vestron are reported to hold the top three slots in video software market share for the first six months of 1985. The rankings, reported by industry newsletter *Video Week*, suggest that the market has grown tighter with only two percentage points separating five of the top six firms. The top six and their market share during the first six months of the year are reported as follows:

CBS/Fox	**15%**
RCA/Columbia	**11%**
Vestron	**11%**
MGM/AU	**10%**
Warner	**9.3%**
Paramount	**9%**

(source: *Video Week*)

Ratings sought on music videos

A move to confront the explicit contents of some rock albums may also affect certain music videos. A petition by the Parents Music Resource Center seeks to include rating on videos as well as albums. PMRC says it wants a rating of "X" for profanity or sexually explicit lyrics; "D/A" for the glorification drugs or alcohol; "O" for lyrics concerned with the occult; and "V" for lyrics which glorify violence. In a letter to Pam Howar, president of PMRC, the president of the Recording Industry of America, Stanley M. Gortikov, said the recording artist routinely has control over the contents and that the desire for multiple rating symbols is unnecessary since "it should make no difference to a given parent desiring to 'protect' his or her child whether a given recording contains sexually explicit material (requiring a rating of "X") or violent material (requiring a rating of "V").

"Weird Al" released by CBS/Fox

Other new titles being released include a somewhat weird made-for-video music program introduced at a press conference in New York by CBS/Fox in early August. *The Complete Al*, starring "Weird Al" Yankovic is a 97-minute compilation of the musical comic's popular videos (A spoof of *Beat It* called *Eat It* and a more recent effort, *Like A Surgeon*, that spoofs Madonna's hit song). The tape also is an "almost-true" life story of the satirist described as "beginning with the time he was just a small fetus ... up through his present-day bout with super-stardom." Priced to sell at $29.98, the cassette will be the subject of in-store POP and an ad campaign centering on the theme: "Catch the Buzz!"

Key Video, a division of CBS/Fox, is kicking off a consumer promotion for its new cassette, *Heavenly Bodies*. The "Show Us Your Favorite Heavenly Bodies Sweepstakes" will invite shoppers to fill out an entry form at retail outlets and send it along with a photograph to Key Video. Deadline for entries is Nov. 15, 1985. Winners will be selected by a random drawing. The grand prize, valued at nearly $5,000, includes a trip for two to a movie shooting. One hundred runners-up will receive a copy of the movie sound track album. The retailer whose name also appears on the winning ticket will receive a five-day trip for two to Hollywood, CA including hotel accommodations, limousine service and expenses.

"Weird Al" Yankovic stars in a new long-form, made-for-video release from CBS/fox. The Complete Al, featuring the musical comic's parodies of popular rock tunes, lists for $29.98.

The movie stars Cynthia Dale as a mother and secretary who attempts to open a workout club only to have a wealthy competitor try and steal her business. Dale, scantly clad in alluring exercise attire, is the subject of the POPs used to promote the movie and sweepstakes. The 99-minute hi fi cassette is priced at $79.98.

Paramount Home Video and Pioneer Artists have teamed up to release a number of videos that simply feature beautiful scenery and soft music. The "Windham Hill Videos" will be available in both video cassette ($29.95) and in LaserDisc ($24.95). The first two cassettes, *Water's Path* and *Western Light* are due out this month while the remaining two of the foursome, *Autumn Portrait* and *Winter*, will follow. Described by Paramount Senior Vice President Tim Clott as "a new genre of video entertainment," the cassettes were produced in conjunction with Windham Hill Records, a Palo Alto, CA-based record company with a reputation for high quality recordings.

MCA's October line up includes the comedy-adventure *Gotcha!* An all-American College Student (Anthony Edwards) finds romance and international intrigue on a trip to Europe. When he returns to his campus, he finds the KGB hot on his heels. The 97-minute cassette lists for $79.95.

Also new from MCA is a comedy spoof called: *Martin Mull Presents the History of White People in America*. Martin Mull (*Mr. Mom; Mary Hartman*) takes a shop at middle-America stereotypes with the help of Fred Willard and Mary Kay Place. The 48 minutes' worth of satire is listed at $24.95. The company is also resurrecting the 1932 classic: *The Mummy*. The 72-minute black and white movie lists for $39.95 and joins *Dracula* and *Frankenstein* in the MCA catalog.□

Al Stewart

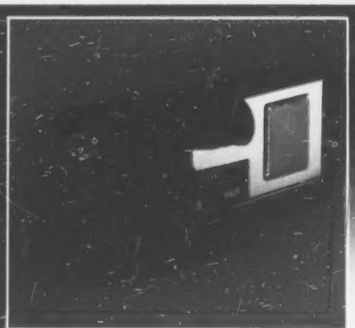
MART

APPLIANCES

Under-the-cabinet microwave with a drop-down door leads a parade of new appliance

TELECOMMUNICATIONS

TAD's and phone/TAD combination units are shaping up as telephone's hot category



HOME ELECTRONICS

The battle [illegible] VHS [illegible]

VIDEO SOFTWARE

Video makers 'Desperately Seeking Sales' as [illegible] catalog is pushed at VSDA 'Sellabration'

COMPUTER

ACCESSORIES
A GOLDEN OPPORTUNITY FOR PROFIT

BONUS: Christmas Catalog from Babbit

MART
Business Ideas for Today's Retailers and Distributors

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Just a minute!

HOME ELECTRONICS

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Front cover product credit: Northpoint Distributors, Northport, NY

BPA ABP

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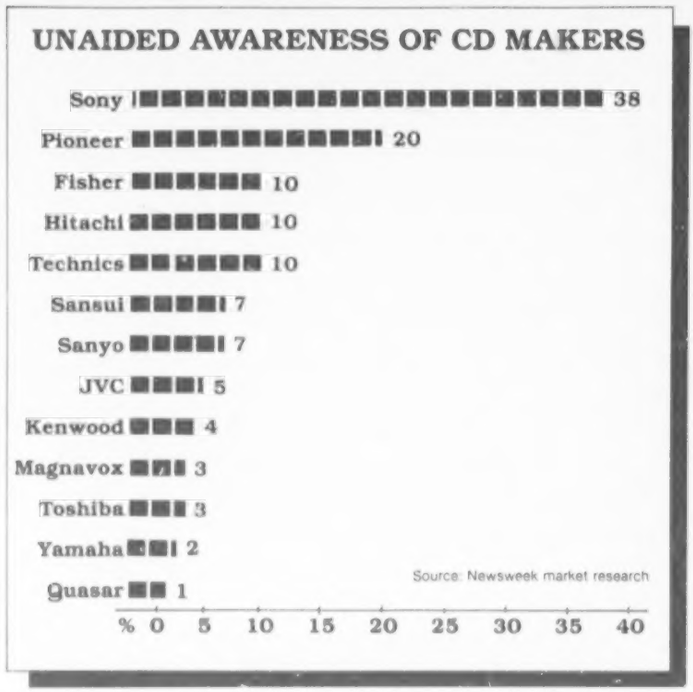
Research study shows CD ownership doubling within year

Sound quality cited as more important than practicality and durability by future purchasers



Base: Respondents who say they intend to purchase a CD within the next 12 months.

Note: Several companies which were not on the list of those studied also received unaided mention. These include Panasonic (11%), RCA (7%), GE (3%) and Zenith (2%).

A study of the Compact Disc market commissioned by the Newsweek Market Research department indicates that CD sales are expected to at least double within one year, even at current price levels.

"CD's are being called one of the most revolutionary new audio products since the invention of the phonograph," says Steve Wholley, Newsweek Consumer Electronics ad manager. "Eventually, they are expected to significantly affect the way America listens to music."

The study, *The Compact Disc Market*, indicates that as the price of CD's drop, purchases could increase four- or five fold — up to at least 800,000 CD's by mid-1986. Depending on the scope and effectiveness of marketing programs, the total could be as high as 1,800,000 units. However, the study also shows that key barriers to future CD purchases include consumer satisfaction with present audio systems and the current high cost of CD's. Less important factors are previously-purchased records and tapes or concerns about software availability.

Most likely, early buyers will be the better-educated and more affluent segment of the stereo-owning market who are predisposed to technology and home entertainment. This particularly includes people who are concerned with owning state-of-the-art equipment, either for its own sake or for the status it imparts. In fact, better sound and other music-playing attributes are expected to affect CD purchase more than practicality, durability and convenience.

Among its findings, the report provides information concerning: the relationship of the CD to the audio market in general, a segmentation of the market based on attitudes and CD awareness and projected market growth.

To complete this study, ASK Associates, Inc., an independent research firm, conducted 1,045 telephone interviews with a nationally representative sample of U.S. stereo-owning households in April. The report is available from the Advertising Resource Center, Newsweek, 444 Madison Avenue, New York, NY 10022 for $50.

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GVA World #1

VISA MasterCard

Distrib holds his own "CES" in Florida

For four days, retailers mingled with manufacturers as the latest in video and audio technology was exhibited. There was much discussion over pricing, availability and future trends. Deals were cut, shipments were scheduled and few attendees walked away disappointed. Sounds like CES — right? Well it was, only this CES was held in Southern Florida and tailored toward dealers doing business with Babbit distributors.

The "mini-CES" drew some 1,500 people including representatives from a number of prominent consumer electronics firms and buyers from many of the large department store chains throughout the surrounding area. The resulting barrage of orders has kept Babbit's trucks delivering well into the evening and has inspired the eight year old distributorship to expand beyond it's immediate geographic area and court dealers across the country.

"We've arranged the show in such a way that it truly is suited to the buyers," explains Sol Steinmetz, Babbit's chairman of the board. "And our aisles were busier than those at the CES in Las Vegas," adds Steinmetz, who with his son Robert, is chiefly responsible for coordinating over 85 million of inventory in three warehouses in Florida.

As major distributor for Sharp Electronics, Cobra phones and Sanyo white goods, Babbit has grown dramatically over the past few years. This year, Sol Steinmetz asserts, they will increase their business by 30 percent over last year with much of the business driven by fourth quarter Christmas sales. "We've been able to position ourselves as a distributor who can handle dealers who are doing some last-minute Christmas purchasing. We can ship the merchandise the same day it is ordered."

Steinmetz also stresses the wide-ranging availability of merchandise listed in their 40-page catalog and notes that the proximity of his office gives him a leg up on the competition. "We're not far from the water, so once merchandise comes over (from Japan) we can get it pretty fast and don't have to pay to have it shipped very far. The moment it lands we get it."

While its attempt to gain national recognition is largely an effort to attract large chain store clients "that will make our buying power even stronger," according to Steinmetz, Babbit representatives point out that they are by no means adverse to dealing with smaller, independent chains.

Among the reasons for obtaining electronics goods from Babbit, Steinmetz asserts, is the mini-CES held four times a year. Though reluctant to furnish details of some of the special orders made at the show, Steinmetz assures that some "incredibly good deals were made."

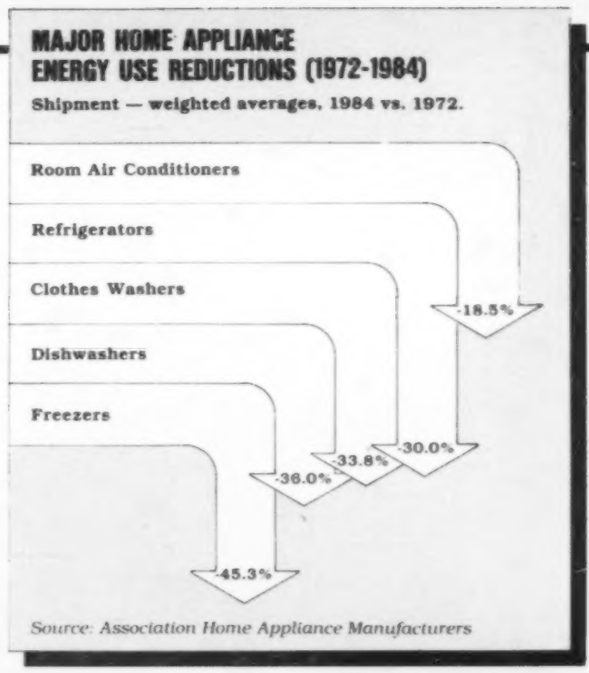
— Al Stewart

Appliance power use plummets, but bills stay high

A 33 percent drop in power usage is cited with freezers topping the list

Strides made in the area of energy conservation were underscored by a recent study that indicates a radical decline in major appliance energy consumption. The study, released by the Association of Home Appliance Manufacturers, compares energy usage on today's appliances versus their power consumption 12 years ago when data was first collected on the subject. In the five areas surveyed, freezers top the list with a 45.3 percent decline while dishwashers were revealed to use 36 percent less power now than in 1973. Refrigerators showed a drop of 34 percent while washing machines and air conditioners fell 33.8 and 18.5 percent respectively.

The AHAM study also notes that continuing increases in utility bills have made the actual dollar total for appliance energy consumption higher in many cases and points out that "careless" habits on the part of the consumer can negate any saving created by greater efficiency. □



People

Whirlpool has announced the promotion of **Kenneth W. Kaminski** to the post of division vice president, merchandising, filling a vacancy recently created by the promotion of H.W. Bowman to the position of vice president, Whirlpool sales. Kaminski, with the company since 1962, was most recently director of kitchen products.

Claude A. Paten has been named to the newly created position of assistant vice president of marketing for the **Jenn-Air Company.** Paten makes the move from Maytag where he was director of cooking and laundry sales operations at the New Orleans branch.

Kaminski

Three division executives have been named to new **WCI Appliance** group positions. **Emmett P. McIntosh** moves up to vice president, marketing and merchandising for WCI's four major brands . . . **Kishin J. Gursahaney** was appointed to vice president, strategic planning with responsibility for the four brands . . . **M. William Challburg, Jr.** was named vice president, advertising with additional responsibility for sales promotion and product publicity.

Jack Sinkler has joined **Thermador/Waste King** as the new product specialist for heaters, hoods and vents.

Carrier Corp., in a restructuring of its sales and marketing organizations, has combined its four brands of heating and cooling products into one sales operation. Relevant to the restructure, **Henri E. Bonvin,** previously sr. vice president of sales for the Carrier brand has been named to head the combined sales organization as sr. vice president of sales . . . **Richard Hutchinson,** previously vice president of sales and marketing for Bryant, Day & Night and Payne brands has been tabbed to head the new marketing organization as sr. vice president of marketing. □

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